

Government That Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

***SCOTCH PLAINS-FANWOOD
REGIONAL SCHOOL DISTRICT***

DONALD T. DiFRANCESCO
Acting Governor

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FEBRUARY, 2001



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Scotch Plains-Fanwood Regional School District

New Jerseyans deserve the best government their tax dollars can provide. Efficiency in government and a common sense approach to the way government does business, both at the state and at the local level, are important to Acting Governor Donald T. DiFrancesco. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. The Local Government Budget Review (LGBR) program was created in 1994 by former Governor Whitman, marking the first time the state worked as closely with towns to examine what is behind those costs. The Local Government Budget Review (LGBR) program's mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service provided by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates, which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, the program was expanded, tripling the number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the district but do represent the cost of the school system's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective negotiation process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT**

Administration

The district should consider reevaluating administrative secretarial staffing for savings of \$86,000.

Technology

The team recommends the district use the state's cost-per-copy contract for photocopiers, which could save approximately \$81,000.

Instruction

The district could save \$40,000 by eliminating an excess teacher's position in School One.

By reducing basic skills per pupil cost to those of a comparable school district, i.e., Westfield Township which is \$132 per pupil, the district could save \$86,000.

The team recommends the district review staffing and class sizes in its special education program. The district could save approximately \$94,000 by reorganizing class schedules to accommodate more students per class.

Business Office Operation

By expanding its cooperative purchasing efforts, the district could save \$72,500.

The district should consider adopting more modern banking methods, such as grouping major accounts under one overall account, managing cash balances more effectively and receiving competitive proposals for its banking business for a revenue enhancement of \$51,000.

Insurance

By establishing a safety committee the district could reduce workers' compensation costs, saving \$58,600 and also improve staff productivity.

Facilities & Operations

The team recommends the district replace two general maintenance workers with a licensed electrician and a licensed plumber at a cost of \$11,000.

Transportation

By altering the school bell schedules to allow for additional bus route tiering, the district could save \$36,000.

The district should consider submitting applications for non-public transportation to the Union County Educational Services Commission. By utilizing the commission, routes could be combined with adjoining districts, saving \$20,000.

The district could yield a revenue enhancement of \$140,000 by reviewing the methods used in the collection and reporting of data for the District Report of Transported Resident Students.

Collective Bargaining Issues

Teamsters Agreement

The district should consider negotiating a Tuesday through Saturday shift for custodians at the high school and two middle schools in order to decrease overtime for a potential savings of \$81,515. The team also recommends that two general maintenance workers be assigned to a Tuesday through Saturday shift for an additional potential savings of \$17,680.

The district should consider eliminating the evening shift differential cost for a potential savings of \$39,000.

The district could potentially save an additional \$7,700 by contracting two 12-month bus drivers to 10 months and by having summer work paid on a timesheet basis.

The district could yield potential savings of \$6,180 by negotiating amendments to the contracts with the bus drivers so that only those hours worked on routes are contracted.

By negotiating the elimination of paid holidays and vacations for bus drivers, the district could potentially save \$48,510.

Health Insurance

The district should consider negotiating an obligation that employees who select the more expensive traditional plan pay the difference in costs for a potential savings/revenue enhancement of \$250,000 - \$786,000.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT**

<u>Areas Involving Monetary Recommendations</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Administration			
Reevaluate administrative secretarial staffing	\$86,000		\$86,000
Technology			
Use the state's cost-per-copy contract for photocopiers	\$81,000		\$81,000
Instruction			
Eliminate one teacher's position in School One	\$40,000		
Reduce basic skill per pupil cost	\$86,000		
Reorganize special education class schedules	\$94,000		\$220,000
Business Office Operation			
Expand cooperative purchasing efforts	\$72,500		
Adopt more modern banking methods	\$51,000		\$123,500
Insurance			
Establish safety committee	\$58,600		\$58,600
Facilities & Operations			
Replace two general maintenance workers with a licensed electrician and plumber	(\$11,000)		(\$11,000)
Transportation			
Alter bell schedules to allow for additional tiering	\$36,000		
Utilize Union County Educational Services Commission for non-public transportation	\$20,000		
Review methods used in the collection and reporting of DRTRS data	\$140,000		\$196,000

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT**

<u>Areas Involving Monetary Recommendations</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Collective Bargaining Issues			
<i>Teamsters Agreement</i>			
Negotiate a Tuesday through Saturday shift for custodians		\$81,515	
Assign two general maintenance workers to Tuesday through Saturday shift		\$17,680	
Eliminate evening shift differential cost		\$39,000	
Contract two 12-month bus drivers to 10 months		\$7,700	
Negotiate amendments to bus driver contracts		\$6,180	
Eliminate paid holidays and vacations for bus drivers		\$48,510	
 <i>Health Insurance</i>			
Negotiate to have employees pay difference for more expensive traditional plan		\$250,000	
Total Recommended Savings	\$754,100	\$450,585	\$754,100
*\$450,585 not included in savings of \$754,100.			
Total Amount Raised for School Tax			\$38,748,757
Savings as a % of School Tax			2%
Total Budget			\$46,592,376
Savings as a % of Budget			2%
Total State Aid			\$6,990,213
Savings as a % of State Aid			11%

COMPARISON OF BUDGET APPROPRIATION, STATE AID AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

Areas Involving Monetary Recommendations

**Annual Savings/
Expense**

***Potential
Savings**

Totals

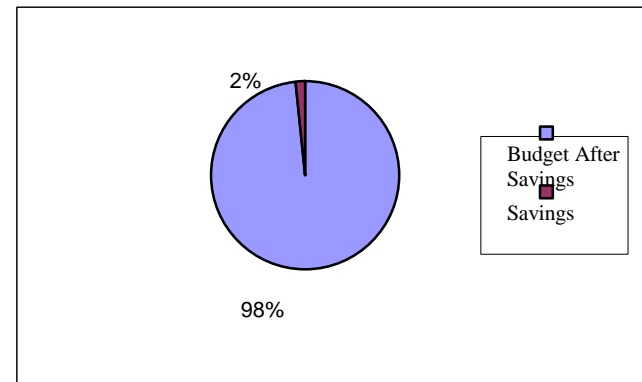
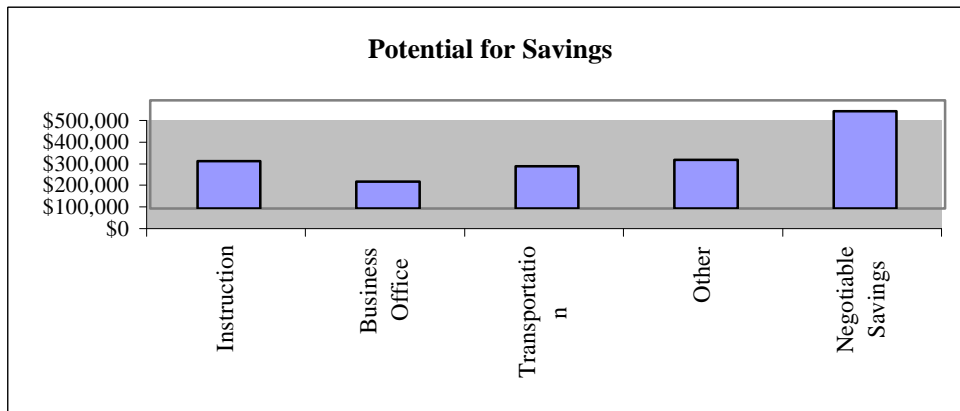


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COMMUNITY OVERVIEW

Scotch Plains Township and Fanwood Borough are residential suburban communities situated at the base of the Watchung Mountains in Union County, New Jersey. The two communities, located in north central New Jersey about 25 miles west of New York City, have a combined population of about 30,000 people. Route 22 crosses the northern end of Scotch Plains in a northeast/southwest direction and there is a railway station in Fanwood. The Garden State Parkway, New Jersey Turnpike and Route 78 are nearby, as well as Newark Airport.

The 1996 estimated population of Fanwood Borough was 7,108, with 89% White, 5% Afro-American, 4% Asian and 2% Hispanic. The median family income as of 1989 was \$60,672 and per capita income was \$23,905. The 1.34 square miles of Fanwood, which is surrounded on three sides by Scotch Plains, is about fully developed with only 54 vacant parcels in 1996 and a predominance of single-family homes. The median value of single-family homes was \$190,900. The borough has a population density of 5,315 and the chief occupations are managerial, professional and administrative. Fanwood has an elected mayor and council and a municipal clerk.

The 1996 estimated population of Scotch Plains Township was 22,780, with 82% White, 11% Afro-American, 4.5% Asian, 2% Hispanic and less than ½% American Indian. The median family income as of 1989 was \$64,920 and the per capita income was \$27,093. The land area of Scotch Plains is 9.1 square miles, with a population density of 2,332. In 1996, the township had 383 vacant parcels and there have been two recent housing developments on former farmland, which have increased the school enrollments somewhat. The number of building permits issued was 73 in 1996 and 33 in 1997. The median value of single family homes was \$206,900.

Scotch Plains has a council/manager form of municipal government, with the manager serving the executive function. The five council members are elected at large and the mayor has been selected from among the council members. As the result of a recent referendum, the voters will elect the mayor in the near future.

The Scotch Plains-Fanwood Regional School District is governed by an elected board of education composed of nine members with seven elected from Scotch Plains and two elected from Fanwood. The board of education members serve staggered three-year terms. The district is comprised of eight schools serving a student population in excess of 4,500 in 1999-00, which is an increase of 150+ students over the 1998-99 school year. There are five elementary schools with kindergarten through fifth grade, two middle schools with grades six through eight and one high school for grades nine through twelve. In February, 2000, the board of education voted to reorganize the five elementary schools from grades K-5 to K-4 and the two middle schools from grades 6-8 to 5-8 for implementation in school year 2002-03.

Although Scotch Plains and Fanwood unofficially had been operating public schools on a “regional” basis since 1870, it was not until 1962 that a successful public referendum formally created the present regional school district. The first of the present-day school buildings was

opened in 1926 as a high school. After Scotch Plains-Fanwood High School was constructed in 1957, the old high school became Park Middle School, which underwent renovations in 1968. The present school buildings are listed in the following table:

School	Date Constructed	Date(s) Renovated	Grades
Park Middle School	1925-26	1968	6-8
Evergreen School	1951	1960	K-5
SPF High School	1957	1960, 1968	9-12
Howard B. Brunner School	1961		K-5
J. Ackerman Coles School	1964	1972	K-5
Terrill Middle School	1965		6-8
William J. McGinn School	1967		K-5
School One (new one)	1970		K-5

At the time of the review team visitation to the school district, there were a series of meetings in progress regarding school attendance redistricting and/or school construction needs. Lengthy public comment was allowed at several meetings regarding the options, which were being considered to relieve overcrowding in the district's elementary schools. The district has experienced some increase in student enrollment and the expansion in special education services over the past decade or so has also occupied much instructional space in available school buildings.

A Facilities and Enrollment Task Force worked throughout the 1998-99 school year and developed a report which was received by the board of education in June, 1999. Factors that have had a significant impact on student enrollment and use of facilities include:

- a “baby boom echo” which has reversed previous enrollment declines;
- post-Mt. Laurel home construction in the township and borough;
- changes in special education requirements and programs; and
- the impact of the Americans with Disabilities Act (ADA).

Student enrollments have increased in the last six years by more than 700 students and are projected to continue increasing for the next five years. Enrollments have increased particularly at Coles and McGinn elementary schools on the south side of Scotch Plains. The district has adjusted to the above factors by redistricting small numbers of students, converting administrative offices to classrooms, adding six modular classrooms at three elementary schools and such strategies as “art on a cart” and “mobile music” have been used. To gather information for decision making, the board has contracted for facilities evaluations by The Thomas Group, professional planners, and ServiceMASTER Management Services Company. In addition, a community survey questionnaire has been included in the district newsletter for input by all local residents.

The board has developed a list of standards to guide their long-range facilities decisions, which includes:

- Ensuring equity in the delivery of programs among schools of the same grade levels.
- Maintaining racial balance.
- Emphasizing instructional over non-instructional expenditures.
- Striving to maintain current guidelines for academic class sizes.
- Appropriate accommodations for special needs students.
- Providing space for potential program improvements and providing flexibility to meet future unforeseen needs.

The board must also consider the tax impact of any decisions they make.

The school district, according to the 1998-99 Comprehensive Annual Financial Report (CAFR), employs 650 staff members including 399 professionals and 251 non-professionals. The district offers comprehensive academic and student services programs, an experienced and well-qualified staff, reasonable class sizes, and a wide variety of athletic and co-curricular activities. The New Jersey Department of Education (DOE) ranks the district in the "I" category of district factor groups (DFG). This is the DOE indicator of the socio-economic status of the citizens of the district. The "I" grouping is the second highest or wealthiest of the eight groups.

According to NJEA Research Bulletin A98-1/February, 1999, Basic Statistical Data, 1998 Edition, Scotch Plains-Fanwood Regional had a 1998 per pupil equalized valuation of \$548,006 and an equalized school tax rate of \$1.65. This per pupil valuation places the district around the 80th percentile (top 20) and the equalized school tax rate is above the 70th percentile (top 30%) among K-12 school districts with enrollments of 1,801 to 3,500 students.

I. BEST PRACTICES

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

The district received a Danforth Foundation Grant of \$10,000 from the Race and Class Mini-Grant Program for the local "Using Data to Address Differences" project. The foundation also funded the attendance of the Education Association President and Superintendent to a Superintendent-Union Leaders Roundtable in November, 1999. There have been monthly in-district communications meetings in an effort to develop a more congenial working relationship between management and union leaderships. The district also has submitted an application for \$24,000 for the Principal's Initiative, as well as related on-site professional development.

The Vagelos Family annually presents an award to a local teacher to honor the memory of Joan Vagelos Currie, who was a long-time teacher in Scotch Plains-Fanwood. The recipient receives a personal \$1,000 stipend, along with another \$1,000 to be used for a school or classroom project.

Since 1994, the local Education Enrichment Foundation, which is dedicated to sponsoring enrichment opportunities for students and to encouraging teacher creativity, has sponsored grant awards ranging from \$500 to \$1,000 annually.

Through a competitive grant, the Miles Hodsdon Vernon Foundation funded 24 computers for a prototype classroom of the future in Brunner School. On September 24, 1998, the board adopted a resolution recognizing the third year additional funding of \$26,500 for the prototype classroom at Brunner. The grant included current technologies, networking resources and staff training.

The district has an extensive program of staff professional development, including technology workshops, teacher to teacher modeling activities, partnerships with local universities, and study group funding. In October, 1998, a contract was approved establishing the district as a member of the Fairleigh Dickinson University Professional Development Consortium. Professional development is described in further detail in a separate section of this report.

In January, 2000, the board approved the application and acceptance of funds in the amount of \$25,300 from the Geraldine R. Dodge Foundation to fund a storytelling project in the district elementary schools for the 2000-01 school year.

District officials have developed a budget process, which utilizes study groups for a relatively broad base of involvement. Several public meetings have been scheduled for explanations of the proposed school budget by a number of different staff members. The district has been successful in securing voter approval of school budgets for several consecutive years.

On community workdays parents and community volunteers have worked to help wire the school buildings for local computer networking and Internet access. For example, in June, 1999, the board recognized the AT&T Pioneers for installing the network wiring at McGinn School.

The review team was impressed with the number and quality of positive programs that have resulted from the joint efforts and cooperative relationships between the Scotch Plains and Fanwood Police Departments and the public schools. Four police officers, three from Scotch Plains and one from Fanwood, deliver the Drug Abuse Resistance Education program (D.A.R.E.) to more than 375 fifth-grade students. D.A.R.E. consists of 17 weekly lessons that are presented to 10 and 11 year olds, who are beginning to form their psychological identities and social groups. In addition to focusing on the effects and consequences of drug abuse, D.A.R.E. offers tools to resist peer pressure and say “no” to drug abuse. The two municipalities absorb the costs of police manpower and training and the school district and the SPF Municipal Alliance Committee (MAC) purchase the books and certificates.

Other activities include an Adopt-A-Cop program whereby individual police officers volunteer to be visible in a particular school by visiting the principal, in hallways, in the lunchroom, and through a bicycle safety program. The Police Athletic League (PAL) provides supervised junior football, cheerleading, wrestling and baseball activities. The police departments also provide traffic studies for the school system and a juvenile officer, who spends a half-day at the high school.

The DELPHI Team with Student Leadership Conference, which was formed in the 1980’s by school officials and a police chief, provides off-site leadership experiences for a cross-section of about 50 teenagers each year. The students are organized into a half dozen teams to build rapport and concentrate on a leadership project. A seven-member committee of public school and police personnel directs the program, which is funded by private sources.

The review committee was also impressed with the community-wide attention to the welfare of children and youth. For example, with assistance from many community clubs and groups, the Scotch Plains-Fanwood PTA Council declared the second week in March, 2000 as Think Purple Week to remind students of those who have died or been damaged by drug and alcohol abuse. Numerous school performances and community activities were held with funding from the Municipal Alliance Committee. The proceeds from the annual Scotch Plains Mayor’s Charity Gala are presented to MAC.

The PTA Council, several individual school PTAs and the Superintendent with personal funds provide scholarships for high school seniors. In addition, several PTAs offer enrichment

scholarships for students in their respective schools. A scholarship, recognizing the Scotch Plains-Fanwood Superintendent as a finalist for AASA Superintendent of the Year, was also awarded.

School Match of Columbus, Ohio, the nation's largest independent school selection consulting firm, recently presented the district with the "What Parents Want" Award for 1999. The organization, which helps corporate employee families find schools that match the needs of their children, recognizes only about 14% of the 15,620 public school districts nationwide. Among the criteria used in the selection processes are:

- competitive academic scores and programs;
- accredited, recognized excellence by a national foundation or by the U.S Department of Education;
- competitive teacher salaries;
- above average instructional expenditures on a national percentile basis;
- above average in library/media expenditures; and
- known for small class sizes.

About 400 companies nationwide offer the service as an employee benefit.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the school district and its taxpayers.

In its study, the review team found the district makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

COMPARATIVE ANALYSES

LGBR uses various methods to analyze school districts. One method is to compare districts to one another using information from the Department of Education and from the comprehensive financial audit. Districts may be compared to appropriate statewide averages or medians. Other times a comparison is made among districts that are similar in type (e.g., K-12), size and socioeconomic characteristics. The most recent comparative and audit data that is used in this report was compiled for school year 1998-99. Other methods used by LGBR include reviewing district documents and identifying benchmarks or related information from various state agencies, state education associations, publications and private industry.

The school districts that were used for detailed comparison with the Scotch Plains-Fanwood district are Randolph, Ridgewood, and Westfield. LGBR selected these districts because they are similar in terms of type, size and socioeconomic characteristics. The first comparison among these four districts is shown in the table below that looks at revenues. The information is based on the 1998-99 Comprehensive Annual Financial Report (CAFR):

Revenue Comparisons 1998-99

	<u>Scotch Plains-</u>							
	<u>Fanwood</u>		<u>Randolph</u>		<u>Ridgewood</u>		<u>Westfield</u>	
General Fund								
Local Tax Levy	\$38,226,549	81.7%	\$32,030,884	62.0%	\$46,227,602	82.7%	\$45,177,689	82.4%
State Aid *	\$6,506,843	13.9%	\$14,951,393	28.9%	\$6,583,991	11.8%	\$6,748,412	12.3%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Tuition	\$0	0.0%	\$15,010	0.0%	\$151,894	0.3%	\$31,144	0.1%
Miscellaneous	\$230,024	0.5%	\$1,486,312	2.9%	\$2,023,593	3.6%	\$925,767	1.7%
Total General Fund	\$44,963,416	96.1%	\$48,483,599	93.9%	\$54,987,080	98.4%	\$52,883,012	96.4%
Special Revenue Fund								
State Aid	\$512,504	1.1%	\$298,650	0.6%	\$213,031	0.4%	\$429,979	0.8%
Federal Aid	\$612,542	1.3%	\$448,586	0.9%	\$369,651	0.7%	\$625,706	1.1%
Other	\$151,934	0.3%	\$0	0.0%	\$189,331	0.3%	\$197,428	0.4%
Total Revenue Fund	\$1,276,980	2.7%	\$747,236	1.4%	\$772,013	1.4%	\$1,253,113	2.3%
Debt Service Fund								
Local Tax Levy	\$522,208	1.1%	\$1,467,812	2.8%	\$0	0.0%	\$616,610	1.1%
State Aid	\$0	0.0%	\$470,338	0.9%	\$0	0.0%	\$0	0.0%
Total Debt Service Fund	\$522,208	1.1%	\$1,938,150	3.8%	\$0	0.0%	\$616,610	1.1%
Fiduciary Fund								
State Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other	\$6,427	0.0%	\$13,065	0.0%	\$144,207	0.3%	\$8,779	0.0%
Total Fiduciary Fund	\$6,427	0.0%	\$13,065	0.0%	\$144,207	0.3%	\$8,779	0.0%
Capital Projects								
Other	\$0	0.0%	\$468,549	0.9%	\$0	0.0%	\$89,814	0.2%
Total Capital Projects	\$0	0.0%	\$468,549	0.9%	\$0	0.0%	\$89,814	0.2%

Total Revenues (All Funds) \$46,769,031 100% \$51,650,599 100% \$55,903,300 100% \$54,851,328 100%

* This state aid amount includes revenue for the Teacher's Retirement Fund (TPAF) as follows: Scotch Plains-Fanwood - \$3,134,820; Randolph Township - \$2,955,972; Ridgewood Village - \$3,941,540; and Westfield Township - \$3,826,420. The state is legally required to provide this revenue to offset the district's expenses for the teachers pension fund (TPAF). Since the district is not legally responsible for these expenses, technically they may not be considered "true" expenses or revenues. They are included here in order to reconcile with the amounts shown in the audit.

Source: School districts' 1998-99 CAFR.

The data indicate that in terms of revenues, the districts are similar to one another. The large majority (from 65% to 83%) of revenue received by the districts comes from the local tax levy (both General Fund and Debt Service). The next highest amount of revenue (from 12% to 29%) comes from state aid. Only about 1% comes from the federal government.

The table below compares general fund expenditures among the four districts and includes the percent of expenditures for line items in relation to total expenditures. The data is based upon the 1998-99 Comprehensive Annual Financial Reports (CAFR):

Expenditure Comparisons 1998-99

	<u>Scotch Plains-</u>							
	<u>Fanwood</u>		<u>Randolph</u>		<u>Ridgewood</u>		<u>Westfield</u>	
Actual								
Regular Program-Instruction	\$16,360,683	36.5%	\$17,414,137	37.7%	\$21,472,056	38.7%	\$19,725,387	37.2%
Special Education	\$2,781,181	6.2%	\$2,034,884	4.4%	\$1,887,651	3.4%	\$2,623,447	5.0%
Basic Skills-Remedial	\$652,658	1.5%	\$337,889	0.7%	\$298,302	0.5%	\$672,341	1.3%
Bilingual Education	\$44,767	0.1%	\$137,764	0.3%	\$174,650	0.3%	\$182,387	0.3%
Sponsored Co-Curr. Activities	\$188,776	0.4%	\$286,859	0.6%	\$241,572	0.4%	\$217,321	0.4%
Sponsored Athletics	\$516,381	1.2%	\$711,911	1.5%	\$491,400	0.9%	\$641,919	1.2%
Other Instruction Program	\$0	0.0%	\$0	0.0%	\$10,477	0.0%	\$0	0.0%
Community Services Program	\$106,704	0.2%	\$0	0.0%	\$2,151	0.0%	\$0	0.0%
Total Instructional Cost	\$20,651,150	46.1%	\$20,923,444	45.2%	\$24,578,259	44.3%	\$24,062,802	45.4%
Undistributed Exp.-Instruct.	\$2,118,701	4.7%	\$1,936,737	4.2%	\$1,808,677	3.3%	\$2,984,110	5.6%
General Administration	\$732,083	1.6%	\$1,567,655	3.4%	\$1,028,451	1.9%	\$878,952	1.7%
School Administration	\$2,583,595	5.8%	\$2,228,661	4.8%	\$2,945,354	5.3%	\$2,649,810	5.0%
Total Administrative Cost	\$3,315,678	7.4%	\$3,796,316	8.2%	\$3,973,805	7.2%	\$3,528,762	6.7%
Food Service	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Health Service	\$489,138	1.1%	\$434,651	0.9%	\$496,080	0.9%	\$796,238	1.5%
Attend. & Soc. Work Service	\$59,361	0.1%	\$23,083	0.0%	\$68,877	0.1%	\$64,827	0.1%
Students Rel. & Extra Service	\$270,739	0.6%	\$392,587	0.8%	\$1,277,459	2.3%	\$776,905	1.5%
Other Support Service	\$1,403,882	3.1%	\$1,956,360	4.2%	\$2,849,039	5.1%	\$2,150,486	4.1%
Other-Imp. of Instruct. Serv.	\$883,352	2.0%	\$1,123,036	2.4%	\$790,598	1.4%	\$710,944	1.3%
Media Serv./Sch. Library	\$430,069	1.0%	\$509,507	1.1%	\$1,040,544	1.9%	\$996,528	1.9%
Instructional Staff Trng. Serv.	\$274,956	0.6%	\$78,888	0.2%	\$168,076	0.3%	\$63,122	0.1%
Operation of Plant	\$4,137,007	9.2%	\$4,071,616	8.8%	\$4,711,728	8.5%	\$3,716,144	7.0%
Business & Other Sup. Serv.	\$957,863	2.1%	\$332,702	0.7%	\$1,435,559	2.6%	\$923,233	1.7%
Unallocated Benefits	\$5,099,223	11.4%	\$4,306,940	9.3%	\$3,708,553	6.7%	\$5,129,588	9.7%
Total Support Services	\$14,005,590	31.3%	\$13,229,370	28.6%	\$16,546,513	29.8%	\$15,328,015	28.9%
TPAF Pension & Reimb. SS	\$1,516,290	3.4%	\$1,244,426	2.7%	\$2,008,515	3.6%	\$1,868,622	3.5%
Reimb. TPAF SS Contrib.	\$1,618,530	3.6%	\$1,711,546	3.7%	\$1,933,025	3.5%	\$1,957,798	3.7%
Transportation	\$1,351,240	3.0%	\$2,101,468	4.5%	\$1,805,382	3.3%	\$1,265,721	2.4%
Capital Outlay	\$212,274	0.5%	\$437,057	0.9%	\$1,767,312	3.2%	\$1,915,929	3.6%
Special Schools	\$0	0.0%	\$863,712	1.9%	\$1,105,908	2.0%	\$46,519	0.1%
Total Gen. Fund Expend.	\$44,789,453	100.0%	\$46,244,076	100.0%	\$55,527,396	100.0%	\$52,958,278	100.0%
Avg. Daily Enrollment	4,300		4,883		5,072		5,077	

Source: School districts' 1998-99 CAFR and NJ Department of Education *Comparative Spending Guide* March, 2000.

See footnote regarding TPAF in revenue table above.

The data indicates that the districts are roughly similar both in terms of expenditure amounts and as a percent of expenditures on specific line items. The largest percentage of expenditures is for instruction. The percentages range from a high of 46.1% (Scotch Plains-Fanwood) to a low of 44.3% (Ridgewood). The second largest percentage of expenditure is for support services. These range from a high of 31.3% (Scotch Plains-Fanwood) to a low of 28.6% (Randolph). The next highest percent of expenditures is for administration. These range from a high of 8.2% (Randolph) to a low of 6.7% (Westfield). The remaining 15% of expenditures among these districts is divided among several categories including pension expenditures (about 7%), undistributed expenditures for instruction (about 4%), and transportation (about 3%). The three

comparison districts have special schools, which range from less than 1% of total expenditures in Westfield to up to 2.0% in Ridgewood. Scotch Plains-Fanwood has a community education program that is a part of the Community Services Program at 0.2% of total expenditures.

The next table indicates the comparative per pupil expenditures for selected cost factors for the 1998-99 school year. The information on Scotch Plains-Fanwood and the three comparison districts came from the NJDOE Comparative Spending Guide, March, 2000.

Analysis of Similar Districts Using Per Pupil Expenditures or Staffing Data*

	<u>Scotch Plains-</u> <u>Fanwood</u>	<u>Randolph</u> <u>Morris</u>	<u>Ridgewood</u> <u>Bergen</u>	<u>Westfield</u> <u>Union</u>	<u>Three</u> <u>District</u> <u>Average</u>
Total Cost Per Pupil	\$8,862	\$7,804	\$8,913	\$8,463	\$8,393
Total Classroom Instruction	\$5,392	\$4,624	\$5,189	\$5,229	\$5,014
Classroom Salaries & Benefits	\$5,183	\$4,402	\$4,970	\$4,976	\$4,783
Classroom General Supplies & Textbooks	\$138	\$212	\$151	\$171	\$178
Classroom Purchased Services & Other	\$65	\$10	\$68	\$83	\$54
Total Support Services	\$1,059	\$1,047	\$1,457	\$1,248	\$1,251
Support Services Salaries & Benefits	\$938	\$988	\$1,242	\$1,116	\$1,115
Total Administrative Cost	\$1,130	\$921	\$1,152	\$977	\$1,017
Salaries & Benefits for Administration	\$910	\$615	\$950	\$796	\$787
Operations & Maintenance of Plant	\$1,056	\$896	\$934	\$807	\$879
Salaries & Benefits for Operation/Maintenance of Plant	\$623	\$501	\$53	\$566	\$373
Food Service	\$0	\$33	\$12	\$9	\$18
Extracurricular Cost	\$187	\$226	\$156	\$191	\$191
Equipment	\$62	\$134	\$46	\$59	\$80
Students Per Teacher	13.5	14.4	14.5	14.4	14.4
Median Teacher Salary	\$49,645	\$51,775	\$60,190	\$51,028	\$54,331
Students Per Support Service Ratio	96.4	95.6	100.0	108.7	101.4
Median Support Service Salary	\$49,847	\$57,250	\$68,819	\$65,218	\$63,762
Students Per Administrator	162.4	171.0	146.4	186.7	168.0
Median Administrator Salary	\$92,860	\$90,888	\$100,680	\$87,945	\$93,171
Faculty/Administrator Ratio	13.7	13.7	11.6	14.7	13.3
Personal Services-Employee Benefits	17.7%	14.1%	10.9%	15.3%	13.4%

** The total cost per student in this table is not comparable with the previous table. The total cost per pupil here is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, demonstrably effective programs, distance learning network costs and instructional supplement costs. The calculation excludes the local contribution to special revenue, tuition expenditures, interest payments on the lease purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.*

A comparison of Scotch Plains-Fanwood's per pupil costs with the comparison districts indicates that Scotch Plains-Fanwood's costs are above average on seven factors, about average for eight of the 21 cost factors, and below average on six factors.

The seven factors where Scotch Plains-Fanwood's per pupil costs are above average are listed below in order of the percent above average:

- Personal Services-Employee Benefits (32.1%);
- Classroom Purchased Services and Other (21.1%);
- Operations and Maintenance of Plant (20.1%);
- Salaries and Benefits for Operations and Maintenance of Plant (16.9%, after adjusting for Ridgewood);
- Salaries and Benefits for Administration (15.6%);
- Total Administrative Cost (11.1%); and
- Classroom Salaries and Benefits (8.4%).

Each of these above average cost factors is discussed in the relevant section of this report. In particular, the larger salary amounts are discussed in the Operations and Maintenance and Administration sections of the report and the higher employee benefit amounts are discussed in the Health Benefits section.

The six factors where Scotch Plains-Fanwood's per pupil costs are below average are listed below in order of the percent below average:

- Classroom General Supplies and Textbooks (-22.5%);
- Equipment (-22.2%);
- Median Support Services Salary (-21.8%);
- Support Services Salaries & Benefits (-15.9%);
- Total Support Services (-15.3%); and
- Median Teacher Salary (-8.6%).

The prior tables compared Scotch Plains-Fanwood to three districts that were similar in terms of type, size and socioeconomic factors. The next comparison looks at Scotch Plains-Fanwood in relation to the 91 school districts in the state that are the same type (K-12) and size (3,501 or more students). Food service was excluded from our analysis because most of the 91 districts did not provide data on this function. The districts are ranked from "1" to "91" with "1" being the lowest cost per student and "91" the highest cost per student. A ranking of 45 indicates that a district is about average, i.e., about half of the districts have higher and half have lower cost per student.

**Comparison of Scotch Plains-Fanwood Among 91 School Districts
(Ranked from “1” (Low Costs) to “91” (High Costs) ***

Ranked Low Cost to High Cost	1997-98		1998-99		1999-00	
	Actual	Ranking	Actual	Ranking	Budget	Ranking
Cost Per Pupil	\$8,602	75	\$8,862	74	\$8,957	68
Classroom Instruction	\$5,287	82	\$5,392	77	\$5,493	72
Classroom Salaries & Benefits	\$5,066	84	\$5,183	82	\$5,274	78
General Supplies & Textbook	\$183	53	\$138	11	\$124	4
Purchased Services & Other	\$32	45	\$65	52	\$95	60
Support Services	\$1,039	57	\$1,059	49	\$1,120	47
Support Service Salaries & Benefits	\$931	55	\$938	52	\$998	51
Total Administrative Cost	\$1,055	76	\$1,130	80	\$1,069	79
Salaries & Benefits for Admin.	\$895	78	\$910	80	\$883	81
Operations & Maintenance	\$1,017	66	\$1,056	73	\$1,036	64
Salaries & Benefits for Oper./Maint.	\$636	78	\$623	76	\$661	78
Food Service	\$0	0	\$0	0	\$1	1
Extracurricular Cost	\$178	71	\$187	73	\$197	73
Median Teacher Salary	\$55,196	54	\$49,645	39	\$48,853	35
Median Support Service Salary	\$50,049	16	\$49,847	10	\$48,853	10
Median Administrator Salary	\$92,936	77	\$92,860	76	\$90,308	50
Student/Administrator Ratio	160.2:1	64	162.4:1	67	157.0:1	76
Faculty/Administrator Ratio	13.3:1	63	13.7:1	66	13.1:1	71
Students/Support Services Ratio	92.6:1	60	96.4:1	49	97.7:1	44

Total of 91 School Districts

Source: Comparative Spending Guide, March, 2000.

** All districts did not respond to each function. Therefore, functions sometimes have less than 91 responses. Percentages in the analysis are based on the number of respondents.*

The analysis of this data indicates that Scotch Plains-Fanwood’s costs per student for most of the cost factors are high in relation to the 91 districts. In each of the three most recent years available, the district’s cost per student for 64.7% of the cost factors ranked in the bottom one-third of the 91 districts. These cost factors are listed below in order of three-year average ranking from worst to best ranking. In addition, bolding indicates that this factor was noted as being worse than average in the earlier three-district comparison.

- **Classroom Salaries & Benefits (average ranking, 81.3)**
- **Salaries and Benefits for Administration (average ranking, 79.7)**
- **Total Administrative Cost (average ranking, 78.3)**
- **Salaries and Benefits for Operations and Maintenance of Plant (average ranking, 77.3)**
- Classroom Instruction (average ranking, 77.0)
- Extracurricular Cost (average ranking, 72.3)
- Cost Per Pupil (average ranking, 72.3)
- Student/Administrator Ratio (average ranking, 69.0)
- Median Administrator Salary (average ranking, 67.7)
- **Operations and Maintenance of Plant (average ranking, 67.7)**
- Faculty/Administrator Ratio (average ranking, 66.7)

As noted earlier these areas are discussed in more detail in other sections of this report. The salary level costs are discussed in the collective bargaining section of this report. And, the staffing ratios are discussed in the administration section of this report.

In the table below Scotch Plains-Fanwood is again compared to the three select districts but more general data is used. This data is from the New Jersey School Report Cards, the Comprehensive Annual Financial Report (CAFR), and the DOE Comparative Spending Guide, all for school year 1998-99.

Comparisons Among Select Districts on General Characteristics

<u>Description</u>	<u>Scotch Plains-</u>			
	<u>Fanwood</u>	<u>Randolph</u>	<u>Ridgewood</u>	<u>Westfield</u>
County	Union	Morris	Bergen	Union
District Type	II	II	II	II
Grades	K-12	K-12	K-12	K-12
District Factor Group	I	I	I	I
Certified Employees	399	430	434	470
Other Employees	251	196	187	171
Total Employees	650	626	621	641
Square Miles	9.1	20.9	5.8	6.4
Number of Schools:				
Elementary	5	4	6	6
Middle	2	1	2	2
High School	1	1	1	1
Total Schools	8	6	9	9
Average Daily Enrollment	4,300	4,883	5,072	5,077
Teacher/Student Ratio:				
Elementary (1)	1:15.5	1:14.3	1:15.5	1:17.0
Middle School (1)	1:12.2	1:11.7	1:13.7	1:12.0
High School (1)	1:11.4	1:11.4	1:13.5	1:12.0
Administrative Personnel:				
Number of Administrators	26.3	28	34.7	29.4
Administrator per Students	1:162.4	1:174.9	1:146.4	1:171.4
Administrator/Faculty Ratio	1:13.7	1:13.7	1:11.6	1:14.7
Median Salary:				
Faculty	\$49,645	\$52,200	\$62,100	\$52,938
Administrators	\$92,860	\$90,888	\$100,680	\$87,945
Median Years of Experience:				
Faculty	14	16	13	14
Administrators	31	29	28	25
Scholastic Assessment Test Results:				
Average Math Score	536	573	588	572
Average Verbal Score	515	559	556	545
Post-Graduation Plans:				
4 year College/University	79%	76%	84%	84%
2 year College	7%	18%	6%	6%
Other College	0%	0%	5%	0%
Other Post-Secondary School	2%	1%	1%	1%
Full-time employment	6%	4%	3%	2%
Unemployed	0%	1%	0%	0%
Other	1%	0%	1%	1%
Undecided	5%	0%	0%	6%
	100%	100%	100%	100%
Instructional Time	6:01	5:20	6:00	6:28
Student Mobility Rate	10.9	5.4	6.5	2.4

(1) The Scotch Plains-Fanwood CAFR shows 1:21.0, 1:19.0 and 1:21.0 teacher/student ratios for the elementary schools, middle schools and high school respectively. The numbers shown here, which were prepared from unaudited information supplied by school districts to the NJDOE, were obtained from the district report cards.

This data indicates that Scotch Plains-Fanwood is comparable to the three districts. The district however, differs in several areas. First, Scotch Plains-Fanwood's median years of experience for administrators are 31 compared to a range of 25 to 29 for the selected districts. Second, the district's student mobility rate is 10.9% compared to a range of 2.4% to 6.5% for the comparison districts. In the third area, the district's median salary of faculty is \$49,645 compared to a range of \$52,200 to \$62,100 for the comparison districts.

ADMINISTRATION

The Scotch Plains-Fanwood organization chart lists five persons who report directly to the superintendent of schools. These positions are the assistant superintendent for instruction, the business administrator/board secretary, the director of special services, the personnel specialist and the coordinator of community information, a 5/8th position.

The assistant superintendent for instruction supervises curriculum development, staff development, and supervision and evaluation of instructional staff. The assistant superintendent plans the instructional program, coordinates district resources to assure implementation through curriculum and staff development and through staff supervision and evaluation, and evaluates the overall effectiveness of the instructional program. The principals, instructional supervisors, director of information services, coordinator of continuing education and grant writer report directly to the assistant superintendent.

The personnel specialist is responsible to the superintendent for coordinating the major personnel functions of staffing, wage and benefits administration, record management, labor relations and career development.

The business administrator (BA) is responsible for the business functions in the school district, which include the areas of budgeting, accounting and finance, transportation, plant operation and management, food services, maintenance, data processing, insurance, fiscal reporting, investments, etc. Directly responsible to the BA are the administrative assistant, the data processing manager, the bookkeeper, and the privatized manager of operation and maintenance of plant.

The director of special services (DSS) is responsible for the supervision of the pupil services program, including special education, child study teams, speech/language services, guidance services, pupil attendance, health/medical services, bilingual/English-as-a-second language education, and bedside instruction. The DSS supervises, guides and consults with the supervisors of special education and guidance.

The coordinator of public information and continuing education maintains, organizes and provides information about the district and schools. The coordinator:

- Provides information for and writes press releases about district and school initiatives, honors and events.

- Photographs district students and staff members for publication and maintains a file of photographs.
- Serves as editor of the Perspective, Annual Report, Directory of School Information and other publications prepared by the district.
- Works closely and cooperatively with the media by providing accurate and timely information.
- Maintains good communications with staff, PTAs, area realtors, etc.

The coordinator also develops continuing education programs for all staff, and community and enrichment programs for students, including the SPF Adult School, credit and non-credit offerings and the creative summer workshops.

The director of information services (DIS) manages the information resources of personal computers, computer networks, software and computer files. The position supervises the information technologies coordinator, network services manager, technology support technician, data entry secretary and technology office secretary. The DIS manages a) access to student records and to financial and personnel information; and b) the procurement, installation and maintenance of personal computers software, hardware and integrated information network for instruction and management.

Other Central Office

In addition to the six administrative positions described above, the district has the following supervisory positions (10.8 full-time equivalent):

Special education (K-12), language arts/social studies (K-5), language arts/social studies (6-8), language arts (9-12), science (K-12), mathematics and technology (K-12), mathematics, science and technology (K-5), health and physical education (K-12), elementary, state and federal programs, foreign language, and fine arts.

There are a number of positions with dual roles as secondary level department chairpersons. Specific examples include: the high school principal as the business education supervisor (9-12), high school assistant principal for curriculum and instruction as interim social studies supervisor (9-12), the other assistant principal supervises consumer education (9-12) and the athletic director supervises health and physical education (K-12). Other secondary department positions include guidance (9-12) and special education (6-12).

A number of supervisors teach classes. For example, fine arts teaches three classes, mathematics teaches one period, world languages teaches one class, the guidance supervisor has assignment of 20 to 25 students, etc.

The administrative assistant for business (AAB) provides appropriate pupil transportation, and administers the accounting and business function for special projects, including federally funded and state funded programs such as Title I, Title VI-B, vocational projects, etc. This position also coordinates all aspects of the K-12 lunch program, which is privatized, and maintains an accurate

district-wide inventory control system. The AAB also assists the business administrator in a variety of other functions such as the budget building process, obtaining quotations and bidding, etc.

The systems operator/data-processing manager is responsible for district non-instructional data processing functions.

The following specialized or technical positions are also present:

Administrative assistant, adult education assistant, substance awareness coordinator, coordinator of public information, coordinator of continuing education/grants, gifted and talented (2), and director/information services, network services administrator, network admin/tech assistant, technology assistant (2).

School Positions

The district has one high school (9-12), two middle schools (6-8), and five elementary schools (K-5) with the January, 2000 pupil enrollments listed below.

SPF High School (enrollment-1,065)

Principal

Assistant Principal (2)

Executive Secretary (2)

Secretary

Office Assistant (9)

Park Middle School (enrollment-529)

Principal

Assistant Principal

Executive Secretary

Office Assistant (3)

Terrill Middle School (enrollment-487)

Principal

Assistant Principal

Executive Secretary

Secretary (2)

Office Assistant (2)

Brunner School (K-5 enrollment-470)

Principal

Executive Secretary

Clerk Typist (1/2)

Coles School (K-5 enrollment-551)

Principal
Executive Secretary
Clerk Typist

Evergreen School (K-5 enrollment-391)

Principal
Executive Secretary
Clerk Typist (1/2)

McGinn School (K-5 enrollment-535)

Principal
Executive Secretary
Clerk Typist

School One (K-5 enrollment-406)

Principal
Executive Secretary
Clerk Typist (1/2)

The five elementary schools share a media clerk typist on a one fifth time basis each. In summary, there were eight principals and four assistant principals in the school district with a total student enrollment of 4,510 in January, 2000. There were also nine executive secretaries, three secretaries, 14 office assistants and 4.5 clerk typists for a total of 30.5 school secretarial personnel. In 1998-99, there were 29.5 school secretarial personnel, as one person was added for the 1999-00 school year.

The district has experienced some turnover in administrators both in central office and at the school level. A high school principal and a middle school principal were replaced in 1998-99 due to retirements. In December, 1999, a new business administrator assumed office and in April, 2000, the assistant superintendent for instruction decided to retire to accept an opportunity in higher education.

In the Comparative Spending Guide published annually by the New Jersey Department of Education, total administrative expenditures relate to the four areas of the annual school district budget statement—general administration, school administration, business and other support services (both business and central) and improvement of instruction services. The 1998-99 total administrative cost in the Scotch Plains-Fanwood School District was \$1,130 per pupil with a ranking of 80 out of 91 school districts (ranked low to high). The total administrative budget cost in 1999-00 was \$1,069 per pupil with a ranking of 79 out of 91 K-12 school districts with student enrollments over 3,500.

The comparable figures for total administrative cost for the four comparable districts are presented in the following table:

	1998-99		1999-00	
Total Administrative Cost – Selected K-12 Comparable Districts	Actual Per Pupil* Cost	% of Total Comparative Cost/Pupil	Budget Per Pupil **Cost	% of Total Comparative Cost/Pupil
Randolph Township	\$921	11.8	\$949	11.6
Ridgewood Township	\$1,152	12.9	\$1,161	12.6
Westfield Township	\$977	11.5	\$925	11.1
Three District Ave.	\$1,016	12.1	\$1,012	11.8
Scotch Plains/ Fanwood Regional	\$1,130	12.8	\$1,069	11.9

*Average daily enrollments (ADE). ** Unaudited pupil count.

The review team also examined the Scotch Plains-Fanwood general administrative costs in relation to the three other comparable districts. An examination was conducted of the Scotch Plains-Fanwood, Randolph Township, Ridgewood, and, Westfield Township Comprehensive Educational Improvement and Financing Act (CEIFA) function 230-Support Services, General Administration-account for fiscal year 1998-99. This function includes expenses associated with the board of education, central administration and school elections. The review revealed the following costs for fiscal year 1998-99 (based on the 6/30/99 Audit Report):

General Administration CEIFA Function 230	Scotch Plains/ Fanwood Reg. Union Co.	Randolph Township Morris Co.	Ridgewood Township Bergen Co.	Town of Westfield Union Co.
Salaries	\$374,399	\$680,768	\$296,655	\$236,889
Legal Service	\$66,647	\$88,935	\$146,854	\$66,648
Purchase Prof. Educ. Service	\$0	\$0	\$0	\$989
Other Purchased Prof. Service	\$0	\$99,719	\$60,063	\$29,830
Purchased Technical Service	\$0	\$0	\$0	\$138,541
Communications/Telephone	\$88,124	\$248,765	\$340,218	\$164,132
Other Purchased Services	\$126,797	\$260,169	\$143,473	\$187,104
Supplies and Materials	\$10,127	\$130,589	\$20,575	\$12,608
Judgements/District	\$0	\$0	\$0	\$4,138
Miscellaneous	\$65,989	\$58,711	\$20,613	\$38,104
Total	\$732,083	\$1,567,656	\$1,028,451	\$878,952
Per Pupil (ADE)* Costs	\$170	\$321	\$203	\$173

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

An analysis of this data reflects that the general administrative costs for Scotch Plains-Fanwood were \$732,083 as compared with \$1,567,656 for Randolph Township, \$1,028,451 for Ridgewood, and \$878,952 for Westfield. Based on the 1998-99 function 230 budget category, the per pupil administrative costs for Scotch Plains-Fanwood were \$170 as compared with \$321 for Randolph Township, \$203 for Ridgewood, and \$173 for Westfield school districts with a three-district average of \$232. In this comparison, the Scotch Plains-Fanwood total general administrative per pupil cost was the lowest among the four districts and about the same as Westfield. Scotch Plains-Fanwood's costs in communication/telephone, other purchased services and supplies were recorded as the lowest of the comparative schools. Miscellaneous

expenses were the highest among the comparison districts, with costs of \$15 per student. This is \$7 or 89.0% above the average of the comparison districts. Scotch Plains-Fanwood also had the second highest expenditures per student in this line item in the prior year.

Recommendation:

The district should review “Miscellaneous Expenditures” in general administration and ensure that they are properly categorized and work to reduce these costs to be more comparable to similar districts.

Administrative salaries and benefits include the full-time, part-time and prorated salaries of superintendents, assistant superintendents, and other general administrators, school business administrators/board secretaries, and other business and central office staff, principals, assistant principals, department chairpersons, supervisors of instruction, curriculum coordinators and related secretarial and clerical staff for these activities. Per pupil costs for salaries and benefits for administration in 1998-99 were \$910 and in 1999-00 the budgeted costs were \$883, which ranked the district 80th and 81st respectively of 91. The comparisons for the four districts are as follows:

Salaries and Benefits for Administration – Selected K-12 Comparable Districts	1998-99 Actual Per Pupil Cost (ADE)*	1998-99 % of Total Comparative Cost/Pupil	1999-00 Budget Per Pupil** Cost	1999-00 % of Total Comparative Cost/Pupil
Randolph Township	\$615	7.9	\$650	7.9
Ridgewood Township	\$950	10.7	\$981	10.6
Westfield	\$796	9.4	\$715	8.6
Three-district Average	\$787	9.3	\$782	9.0
Scotch Plains-Fanwood	\$910	10.3	\$883	9.9
Per Pupil Cost (above three-district average)	+\$123	+1.0	+\$101	+0.9

*Average daily enrollment. **Unaudited pupil count.

An examination of salary levels indicates that Scotch Plains-Fanwood had a median administrative salary in 1998-99 of \$92,860, or \$311 lower, compared to the average of \$93,171 for the three comparable districts. The state median salary of administrative personnel was \$86,805 in 1998-99 and the administrative experience statewide reportedly was five years less than Scotch Plains-Fanwood.

Employee benefits in Scotch Plains-Fanwood were 17.7% of total salaries compared with a 13.4% average for the three similar districts and a K-12 state median of 15.9%. Also, as indicated in the table below, Scotch Plains-Fanwood expended more than the comparison districts for school secretarial and clerical salaries.

CEIFA Line 240-Support Service, School Administration

School Administration	SP/F Regional	Randolph Township	Ridgewood Township	Westfield Township
Salaries				
Principals & Vice-Principals	\$1,364,249	\$960,404	\$2,172,727	\$1,241,732
Other Professional Staff	\$97,755	\$0	\$0	\$517,186
Secretarial & Clerical	\$964,524	\$694,830	\$725,526	\$736,201
Purchased Prof. & Educational Svcs.	\$0	\$0	\$0	\$36,113
Purchased Prof. & Technical Services	\$36,638	\$221,789	\$2,740	\$2,120
Other Purchased Services	\$113,663	\$38,089	\$10,367	\$13,233
Supplies & Materials		\$62,536	\$32,110	\$79,417
Other Objects	\$6,766	\$251,014	\$1,884	\$23,809
Total	\$2,583,595	\$2,228,662	\$2,945,354	\$2,649,811
Per Pupil (ADE)*Cost	\$601	\$456	\$581	\$522

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

As indicated above, Scotch Plains-Fanwood's per pupil costs associated with the overall administrative responsibility of individual schools, including the salaries of principals, assistant principals, other supervisory assistants and secretaries are the highest of the four districts. The three-district average of \$520 per pupil was \$81 lower than the \$601 Scotch Plains-Fanwood cost, which with 4,300 students would translate into a \$348,300 excess for the district. Secretarial and clerical salaries account for about \$245,600 and other purchased services make the difference of \$71,000 of that amount. This data should be viewed with some caution, as our analysis of district budget and accounting records revealed that \$274,000 in salaries for lunch aides was charged erroneously to the secretarial and clerical account instead of the 260 operations and maintenance of plant services account.

The review team examined the CEIFA Function 221 Improvement of Instruction Services and 223 Instructional Staff Training Service. The detailed distribution of salaries among these accounts was not always consistent from district to district; therefore, the data for the four districts should be viewed with caution as supervisors' salaries may be listed under other categories:

Supervisor Salaries	SP/F Regional	Randolph Township	Ridgewood Township	Westfield Township
Improvement of Instruction	\$629,197	\$1,121,337	\$353,640	\$526,790
Instruction Staff Training	\$157,049	\$68,208	\$4,573	\$29,747
Totals	\$786,246	\$1,189,545	\$358,213	\$556,537
Per Pupil (ADE)* Cost	\$183	\$244	\$71	\$110

*The 1998-99 average daily enrollments for the districts were Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

Scotch Plains-Fanwood expended \$41 per pupil more than the three-district average of \$142 for supervisors' salaries in 1998-99. This account also includes the salary of the assistant superintendent for instruction.

The review team also examined the amount of money spent on secretarial and clerical salaries in the 240, 223 and 221 line accounts.

Secretarial & Clerical	SP/F Regional	Randolph Township	Ridgewood Township	Westfield Township
School Administration	\$964,524	\$694,830	\$725,526	\$736,201
Improvement of Instruction	\$66,101	\$0	\$107,145	\$137,759
Instruction Staff Training	\$16,525	\$0	\$0	\$0
Total	\$1,047,150	\$694,830	\$832,671	\$873,960
Per Pupil (ADE)* Cost	\$244	\$142	\$164	\$172

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

Scotch Plains-Fanwood secretarial and clerical salary costs were \$85 per pupil above the average of \$159 for the three other districts. As previously indicated, \$274,000 in salaries for lunch aides was charged erroneously to the secretarial and clerical account instead of the 260 Operations and Maintenance of Plant Services account. By subtracting that amount, the Scotch Plains-Fanwood excess expenditures are reduced to \$20 per pupil, or \$86,000.

Business and Other Support Services (Line 290)

	SP/F Regional	Randolph Township	Ridgewood Township	Westfield Township
Salaries	\$523,644	\$294,841	\$1,150,040	\$775,358
Purchased Professional Services	\$72,161	\$0	\$63,136	\$7,358
Purchased Technical Services	\$28,238	\$0	\$0	\$10,058
Other Purchased Services	\$287,634	\$15,587	\$128,522	\$70,919
Supplies & Materials	\$36,029	\$11,560	\$47,220	\$27,646
Interest for Lease Purchase Agreements	\$0	\$0	\$38,646	\$20,650
Miscellaneous	\$10,157	\$10,714	\$7,995	\$11,245
Total	\$957,863	\$332,702	\$1,435,559	\$923,233
Per Pupil (ADE)* Cost	\$223	\$68	\$283	\$182

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

In the table above, the salary amounts for the three comparison districts vary widely from \$294,841 to \$1,150,040 and averaged \$740,080. While the Scotch Plains-Fanwood Business and Other Support Service salary amount was less than the three-district average, the total per pupil cost was \$223, or \$45 more than the three district average of \$178. Other purchased services accounted for the higher expenditures in Scotch Plains-Fanwood.

Improvement of Instruction Services (Line 221)

	SP/F Regional	Randolph Township	Ridgewood Township	Westfield Township
Supervisors of Instruction-Salaries	\$629,197	\$1,121,337	\$353,640	\$526,790
Other Professional Staff	\$137,122	\$0	\$258,595	\$0
Secretarial & Clerical	\$66,101	\$0	\$107,145	\$137,759
Other Salaries	\$7,669	\$0	\$0	\$18,173
Purchased Prof. Educational Services	\$0	\$500	\$17,706	\$0
Other Purchased Prof. & Tech. Services	\$0	\$600	\$0	\$75
Other Purchased Service	\$0	\$600	\$27,606	\$5,163
Supplies & Materials	\$16,724	\$0	\$19,242	\$15,251
Other Objects	\$26,539	\$0	\$6,664	\$7,733
Total	\$883,352	\$1,123,037	\$790,598	\$710,944
Per Pupil (ADE) Cost	\$205	\$230	\$156	\$140

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

The improvement of professional services cost in Scotch Plains-Fanwood was \$205 per pupil in 1998-99 compared to an average of \$175 for the three comparable districts. This was \$30 per pupil more expensive, or a sum of \$129,000.

The costs for administrative and supervisory salaries and benefits are determined by the number of persons employed and the amount or level of salary and benefits provided by the district. As indicated earlier in the comparative analysis, in 1998-99 Scotch Plains-Fanwood had a student/administrator ratio of 162.4 students per administrator compared to an average of 164.2 students for the three similar districts and a K-12 New Jersey average of 171.5. Moreover, Scotch Plains-Fanwood had 13.7 faculty members per administrator compared with the three-district average of 13.3 faculty members and a state average of 14.1 faculty members. Consequently, the review team must conclude that, on the basis of these ratios at plus 1% to 5% of other student/administrator benchmarks, the number of administrators in the Scotch Plains-Fanwood School District was within an appropriate range in 1998-99.

Instructional Staff Training (Line 223)

	SP/F Regional	Randolph Township	Ridgewood Township	Westfield Township
Supervisors of Instruction-Salaries	\$157,049	\$68,208	\$4,573	\$29,747
Other Professional Staff	\$37,160	\$0	\$117,335	\$0
Secretarial & Clerical	\$16,525	\$0	\$0	\$0
Other Salaries	\$0	\$0	\$3,267	\$0
Purchased Prof. Educational Services	\$31,251	\$10,681	\$3,645	\$3,995
Other Purchased Prof. & Tech. Services	\$0	\$0	\$0	\$4,200
Other Purchased Services	\$3,128	\$0	\$34,740	\$1,168
Supplies & Materials	\$29,843	\$0	\$3,566	\$2,949
Other Objects	\$0	\$0	\$950	\$21,064
Total	\$274,956	\$78,889	\$168,076	\$63,122
Per Pupil (ADE) Cost	\$64	\$16	\$33	\$12

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

The review team observes that Scotch Plains-Fanwood has an extensive staff training program in place and accordingly expended \$44 per pupil more than the \$20 average of the three comparison districts. Instructional staff training is not included in the Comparative Spending Guide calculations for administrators. However, this data is included here since some districts are utilizing this accounting line item for supervisors' salaries. The totals of the five line items are summarized in the following table:

	SP/F Regional	Randolph Township	Ridgewood Township	Westfield Township
General Administration	\$732,083	\$1,567,656	\$1,028,451	\$878,952
School Administration	\$2,583,595	\$2,228,662	\$2,945,354	\$2,649,811
Business & Other Support	\$957,863	\$332,702	\$1,435,559	\$923,233
Improvement of Instruction	\$883,352	\$1,123,037	\$790,598	\$710,944
Instruction Staff Training	\$274,956	\$78,889	\$168,076	\$63,122
Total	\$5,431,849	\$5,330,946	\$6,368,038	\$5,226,062
Per Pupil (ADE) Cost	\$1,263	\$1,092	\$1,256	\$1,029

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

Scotch Plains-Fanwood expended \$1,263 per pupil on all categories of administration, which was \$137 above the \$1,126 three-district average. On the basis of 4,300 students, that translates into a potential saving of \$589,100 or 10.8%. However, as previously reported the school administration total was inflated by the erroneous inclusion of \$274,000 in lunch aide salaries that should have been recorded in another account and which reduces the total excess to \$315,100.

The review team also examined the Scotch Plains-Fanwood non-salary administrative expenditures in relation to the three comparable districts. Although there was wide discrepancy

in the individual line items, the non-salary totals were comparable with the average of the totals for the three comparable districts. Consequently, the review team concludes that any excesses in the administrative accounts were due to salary line items.

It should be noted that in 1998-99 Scotch Plains-Fanwood had 31 median years of experience for administrators compared to an average of 27 years for the three comparable districts. However, according to the Comparative Spending Guide the three-year trend in median administrative salaries in Scotch Plains-Fanwood has been downward from \$92,936 to \$90,308 in the 1999-00 budget year, which as previously indicated was due to the retirement of several key administrators and the employment of younger staff members. Also increases in student enrollments in Scotch Plains-Fanwood have impacted per pupil costs for administration.

Recommendation:

The review team analysis of administrative costs concludes that in relation to other benchmarks the district had an above average cost of about \$315,000 in administrative expenditures in 1998-99, which was due to the following factors:

- **Secretarial and clerical salaries account for \$86,000 of the excess. Since these salary levels appear reasonable, the district has about 2.5 more secretarial and clerical staff than comparable districts.**
- **The remaining excess expenditures appear to be due to the higher median years of administrative experience and higher salaries of senior administrators. Salary levels, which are negotiable, are discussed under Section III–Collective Negotiations Issues.**

With continued growth in student enrollments, the administrative and supervisory and secretarial staffing adequacy should be evaluated periodically by local school officials.

Cost Savings: \$86,000

TECHNOLOGY

Staffing and Maintenance

Technology is a major function in the district. The district has eight full-time and four part-time employees who work in this function. In 1998-99, the district spent \$417,683 for salaries and fringe benefits for these employees. In addition, the district provides \$2,500 stipends to eight teachers (one for each school) who serve as technology consultants for a total cost of \$20,000.

Generally, the district has maintenance contracts and plans for all computer hardware. Generally, Macintosh computers are used in the classrooms. These are purchased with extended service contracts that cover equipment for four years. IBM or IBM compatible computers are used where software is more available such as in the business curriculum. District technology staff handles the majority of maintenance by using spares from broken or outdated equipment.

Equipment breakdowns that are not under warranty and cannot be repaired in-house are sent to an authorized repair firm. The district has an annual maintenance contract for the wide area network (WAN) as discussed below.

Overview of Hardware/Software

The district has local area networks (LANs) that support office and administrative users in the schools and are typically limited to the main office area. Instructional LANs are currently under construction. The electronics and wiring for the office and administrative LANs were provided and installed by the local telephone company often with volunteer help. Currently, the district has roughly 200 computers connected to the Internet. About 60 are connected at the high school, each middle school has about 75 connected and each grade school has approximately one to three computers that are connected to the Internet.

The district has one wide-area network (WAN) that operates from the central office using the AS400, a mid-range computer with NT software. The WAN provides several administrative functions. One is E-mail for administrators including principals, vice principals and their secretaries. The WAN also provides on-line budgeting and accounting information including the ability to enter purchase orders and check account balances. And, the network is used for staff attendance reporting, class scheduling, teacher assignments, student attendance, and grade reporting. The system is also used to complete state registers and attendance reports and to process some state required test scores. This WAN is being replaced by a larger, more modern system that includes T1, FR circuits to all schools.

Hardware/Software at Schools

The district has implemented various computer configurations to meet the teaching and administrative needs at each school level. The High School has approximately 333 computers and about half as many printers. It has six computer lab rooms although one is used exclusively for science and one for business students (uses Windows, Office 2000). The administrative staff uses spreadsheet and data base software on IBM or IBM compatible computers to carryout their functions. Examples include tracking coaching assignments and monitoring stipend amounts including when stipends are paid.

Terrill Middle School has approximately 142 computers and 20 printers. It has two computer labs, an Internet lab, a Media Center, and a Technology Education Center. Both middle schools use the AS400 for scheduling and report cards. The administrative staffs at the middle schools use spreadsheet, database software and E-mail to carryout various functions such as staff attendance and an inventory of computers.

The Park Middle School has approximately 121 computers and 15 printers. The school has an Industrial and Technology Education lab and an art room with seven computers each. The computer lab has 24 networked computers including two instructional computers, two printers, one scanner and four Internet connections. The media center has 26 computers. The science lab (i.e., Room 101) has no computers and there is only one computer in the teacher preparation room.

Generally, each grade school has two computer clusters with five MACs in each cluster although some schools have IBM or IBM compatible computers that have been donated. Administrative staff uses either MACs or IBM computers for their work although most do scheduling and report cards manually.

Need to Strengthen District's Technology Capabilities

The district recently made the decision to expand its use of technology by including technology in the classroom. One example of the need for improvement is a September, 1999 report from the State Department of Education. The report noted that the district lags behind other districts in Union County in terms of using E-mail and having computers available for use in the classroom.

For example, it is critical for teachers to have E-mail because it:

- Enables rapid communication.
- Facilitates sharing information.
- Can reduce the need for clerical support saving time and money.
- Helps teachers become more proficient and comfortable with technology.
- Facilitates communication among students, teachers, and parents.

However, the proportion of teachers in the district that have E-mail is considerably less than the Union County and state averages.

An adequate number of computers enables sufficient time for each student to become familiar with the computer and to try various computer problem-solving skills. However, according to the same report the district again was lagging behind. The district had 10.8 students per multimedia computer (model 486 or higher). This was 61.2% higher than the 6.7 average in Union County and 50.0% more than the 7.2 state average. The latest data can be obtained from the DOE website "School Technology Survey 2000" at www.state.nj.njded/techno/survey.

Addressing Technology Problem

The district has established several working groups to analyze its computer needs, completed numerous analyses, and started to commit financial resources. In 1998-99, the district established a budget committee that looked at the integration of curriculum and technology. At the end of that year (May, 1999), the district completed a revised technology plan. In 1999-00, the district established a separate budget committee for technology. The committee has eight members including four principals, the network administrator, the assistant BA, a teacher, and a subject area supervisor. This group identified that \$1.4 million was needed to meet the district's wiring, computer and staffing technology needs. In addition, the district has identified about \$4.2 million in needs that it wants to fund through a bond issue.

The district also hired an architectural and engineering firm to inventory the district's needs in terms of LAN infrastructure, computer network hardware, and computer network cabling, among other things. The results of this effort are presented in a September, 1999 report. The total costs for each school ranged from a low of \$24,000 at the Evergreen School to a high of \$224,000 at

the Park Middle School. The average for all the schools is \$90,513 per school for a total cost of \$724,100. In addition, the cost of a WAN was estimated to be \$245,000. Total cost to meet these needs is \$969,100 and was included in the above figures.

For the period 1/1/98 through 6/30/99, the district was awarded \$4,160 in federal Universal Services Funds (USF). In fiscal year 7/1/99 through 6/30/00, they were awarded \$51,840. The district's eligibility discount in the USF program is 40% and can be applied to Internet service, internal wiring and telecommunications and service discounts. However, a review of USF awards for fiscal year 7/1/00 through 6/30/01 did not indicate any awards for the district. District officials may wish to explore whether these funds are still available.

The district is also participating in Bell Atlantic's Access New Jersey program and has contracts for frame relay and SMDS services, with discounts on the services and free customer premise equipment (CPE) valued at \$42,155. These technology-funding initiatives are commendable.

About three-quarters of the district's resources committed to technology have come from state and county grant funds. Starting in 1998-99 and continuing through 1999-00 total yearly expenditures for hardware and software are roughly \$215,000. This includes \$100,000 for electronics (hubs and switches), about \$75,000 for cabling and poles in classrooms to improve the Wide and Local Area Networks and \$40,000 for software. Much of the cabling was done on a volunteer basis by parents and administrators.

The district works with other organizations to keep the cost of technology as low as possible. The district participates in meetings of the Union County Educational Technology Training Center (ETTC) and the Union County Consortium that is cooperating to obtain lower cost Internet access, network services and computer training. In addition, the director of instructional technologies serves as a member of the Scotch Plains Township Technology Task Force. This group encourages sharing ideas regarding technology among schools, libraries, and municipal agencies.

Even though the technology needs have been extensively documented, the district has provided relatively little new money through 1999-00 to meet these needs. For example, of the \$1.4 million needed, the district has provided funding for only about 15% of this need. However, the district has significantly increased its allocation for technology in the 2000-01 school year. The voters recently approved an additional \$304,000 for technology. These funds will be used for new computers, software, and staff training. This brings the percentage of allocation to need up to about 40% from 15%.

The district has taken a major step forward in its 2000-01 budget in providing resources to meet the needs identified in the technology plan. Because a gap still exists between technology needs and resources provided, it is not entirely clear whether the district's plans for technology improvement are realistic.

Recommendation:

District officials should continue to gain board and community support to provide resources for the technology plan. And, the district should continue to utilize the technology plan to foster this support and to help the board and the community decide on the amount of resources to commit to technology.

Photocopiers

The district has approximately 39 copy machines and it owns about 60% of them. Two of the largest machines, which produce about 42% of all copies in the district, were purchased under state contract. One full-time employee operates the main copy machine in the central office. Each year the district spends approximately \$152,000 to lease/purchase copiers and \$167,000 to maintain them for a total annual cost of \$319,000.

The district does not periodically document the number of copies produced each year. This can be done either by checking the copy counter built into many machines or by monitoring paper usage. Instead, the district relies mainly on contractor estimates of machine usage. If contractors overestimate usage, higher costs can result. This occurs because the district may purchase higher volume machines than necessary and pay higher maintenance costs since these costs are based on usage estimates. The team used copy estimates from maintenance records for 32 of the 39 machines and developed estimates for the remainder. This information would suggest that the district produces roughly 15.9 million copies per year.

However, the team also developed an estimate of total annual copies by analyzing the amount of copy paper purchased by the district. This is a rough estimate because a small portion of copy paper is used in computer printers and other uses within the district. In addition, some PTO groups for selected schools provide their own paper but use school copiers. Based on the amount of copy paper purchased by the district, the team estimates that the district produces roughly 8.4 million copies per year. The team compared this number to the estimates provided by school staff during school visits and concluded that it was reasonable. This number is 47.2% below the 15.9 million estimate using the maintenance records.

Recommendation:

The district should periodically document the number of copies produced each year. It should use this number to properly determine the size of the copiers that it needs and to ensure that the maintenance charges are reasonable.

The team also compared the district's cost-per-copy (using the team's estimate of the number of copies) to the state's cost-per-copy contract recently available to local governments. This contract enables school districts to contract for the procurement of photocopies, rather than photocopier equipment. The vendor provides the copier equipment and pays for maintenance, parts and supply costs excluding paper. The "cost-per-copy" varies according to the volume of the copier. The contract uses the term

“bands” to identify different copier volumes. The cost per copy contract excludes very high volume machines; therefore, the team excluded the costs and the amount of copies produced by the district’s two largest copiers.

The team identified the total number of copies produced by the remaining machines (including those owned by the district) and the annual costs for maintenance, supplies and lease/purchase. The lease/purchase costs for most of these copiers began in 1998-99. In order to develop conservative cost estimates the team reduced all lease/purchase costs by one-half. This accounts for the fact that the life of the copier may be twice as long as the lease. In addition, the team did not include any replacement costs for the 60% of the copiers that the district owns even though future “hidden” costs exist because the equipment will need to be replaced in the future.

The table below shows the results of this comparison. The district spends about \$156,965 for maintenance and lease/purchase costs for 37 copiers. The district’s current cost-per-copy ranges from \$.021 to \$.107 for bands #4 and #1 respectively. This is roughly twice the cost of the state contract cost. The table indicates that the district could reduce copy costs by \$81,756 or 52.1% if it used the state’s cost-per-copy contract.

Comparison of District Copier Cost to State Contract Cost

Monthly Volume	Current Cost (Maint. Lease/ Purchase)	Estimated Annual Copies	Current Cost/Copy	State Contract Cost/Copy	Total Cost Under State Contract	Estimated Savings
Band # 1 Copiers (less than 3,500)	\$15,338	143,850	\$0.107	\$0.029	\$4,172	\$11,166
Band # 2 Copiers (3,500-11,000)	\$29,773	739,200	\$0.040	\$0.021	\$15,523	\$14,250
Band # 4 Copiers (12,000-30,000)	\$54,945	2,579,850	\$0.021	\$0.013	\$33,538	\$21,407
Band # 6 Copiers (30,000-60,000)	\$56,909	1,690,500	\$0.034	\$0.013	\$21,977	\$34,933
Totals	\$156,965	5,153,400			\$75,209	\$81,756

Recommendation:

Excluding the district’s two largest copiers, the district should consider using the state’s cost-per-copy contract instead of lease/purchasing copiers. This will reduce the district’s copier costs by approximately \$81,000 per year. The district should work with the vendors to determine if it can end the lease/purchase agreements at an earlier date.

Cost Savings: \$81,000

Telephone Systems

In 1999, the district commissioned Thomas Associates, a group of architects and engineers, to prepare an evaluation of current building conditions and future needs. The report was completed and delivered in September of 1999. The following information regarding the communications systems within the district primarily reflects the information contained in that report.

The Scotch Plains-Fanwood School District has a telephone system, which is comprised of small key telephone systems in all of the schools except for the Campus. The High School, the Evergreen Elementary School, and the administration/board offices are all located in the same area that is referred to as the 'Campus'. All of the telephones in these buildings are provided telephone service via an AT&T System 75, which is installed in the High School.

Since the telephone systems in the other schools are not interconnected, four-digit dialing across the district is not available. All systems rely on plain old telephone service (POTS) for communication between the buildings and parents. For each additional telephone type service, e.g., faxes, modems, etc., separate POTS lines are utilized.

Individual school buildings have internal communication systems referred to as intercom systems. These intercoms are a part of the building sound system and provide communication between the classrooms and office. This system is strictly internal and does not provide access to the telephone network.

The current telephone systems do not have voice mail capability, and voice recording at all locations is handled by individual answering machines.

The recommendation of the Thomas Group was:

“Install a district wide telephone system with telephones in all classrooms and offices. The new system would allow four-digit dialing between all telephones in the school district and have voice mail capabilities. The existing telephone system-cabling infrastructure would be replaced with new Cat. 5E cabling to provide a long term solution for cabling.”

The report included per building costs ranging from \$37,000 to \$70,300, which totaled \$405,780. Recommendations for telephone system cabling totaling \$121,280 for the elementary and middle schools are a part of the proposed facilities bond referendum.

In order to compare Scotch Plains-Fanwood's General Administrative Costs to the selected districts, the district audit data required adjustment. The team's initial comparison identified an inaccurate expenditure amount for "Communication/Telephone." Using the audit data, the district's expenditures averaged \$139 per employee over the last two years. This was 66% below the \$408 average cost per employee for the comparison districts. A review of expenditures for telephone and postage identified total expenses of \$174,777 rather than the \$88,124 that was reported (these amounts were reported outside the General Administration function). Including these expenditures in the comparison indicated that the district spent \$269 per employee, which is within 35% of the average for the comparison districts.

Recommendation:

The review team concludes that the telephone/communications costs are below average, but that the service is somewhat outdated. District officials should consider establishing a process to ensure that expenditures for telephone/communication are properly categorized for budgeting, accounting, and reporting purposes.

INSTRUCTION

State curricular mandates have grown to include elementary world language, broader definitions of language arts, including reading, writing, listening/speaking, and fine arts. Fine arts now include performance and appreciation of art and music, as well as theater arts and dance. State mandates also involve the infusion of educational technology in the school curriculum and instructional methodology.

Scotch Plains-Fanwood High School

The Scotch Plains-Fanwood High School is a two-story building located on a 29.5-acre site on Westfield Road. The school has a capacity for at least 1,500 students or more and currently houses about 1,100. The school site contains one field each for football, soccer, baseball and softball and related practice areas. The building was originally constructed in 1957, with additions in 1960 and 1968. The original building contains a rectangular layout of hallways and classrooms around a central outdoor courtyard. In addition to an auditorium, gymnasium, multipurpose room, choral and instrumental rooms, this first-floor section houses English, social studies, family and consumer science and special education. The second floor has 25 regular classrooms that provide space for mathematics, four world languages and business education.

The central section of the school contains within one story a new gymnasium with balcony, boys' and girls' adaptive gyms and locker rooms, and auto and wood shops. The 1968 two-story addition contains a large media center, guidance and administrative offices, science and computer laboratories and academic classrooms on the first floor. The second floor has teacher workstations around the second level of the media center, a television studio, child study team offices and classrooms for English, social studies, mathematics, world languages and special education. Second floor access from the original building to the new addition is accomplished through the first floor hallways. The school building also has a total of six computer laboratories for student use with one laboratory dedicated for science only.

The regular high school schedule begins at 8:14 a.m. and ends at 2:30 p.m., with the equivalent of seven periods of about 44 to 46 minutes in length. The schedule also includes an a.m. period from 7:24 to 8:09 a.m. and three abbreviated periods in the middle of the day for lunch settings. Advanced Placement science laboratories begin at 7:47 a.m.

The high school philosophy strives for a harmonious educational community committed to developing each member's potential to become a productive and responsible citizen. Education is viewed as a dynamic process toward the full development of each student and is best achieved

with an attitude that respects the rights of others. As the result of acquiring fundamental skills, knowledge and perceptions, students become creative and independent individuals. The educational process includes continuous evaluation and depends upon the combined efforts of administration, faculty, students, parents and the community at large. Special facilities include computer and reading laboratories, subject resource centers, college and career resource center, and media center with audio/video/TV production and broadcasting capabilities.

The comprehensive high school has extensive curricular offerings tailored to various abilities and interests of the student body. Most academic subjects are offered at three levels described as accelerated, academic and standard. In addition to the five academic subjects, the school offers instructional technologies and business, vocal and instrumental music, industrial technology, family and consumer sciences, art and health and physical education. There are 16 advanced placement courses, work/study programs, shared-time vocational/technical opportunities and Air Force Junior ROTC. The general learning environment may be characterized as productive and friendly. The school also offers an exceptional extracurricular activities program with several student groups and/or teams regularly receiving state and/or national recognition.

According to the 1998 Fall Report, the high school had three administrators, 78.4 (FTE) classroom teachers and 10.5 educational support services staff. The school also had 45 non-certified staff, including 24.7 service workers, 12.2 clerical/secretarial, 1.8 technicians, 4.6 teacher aides and 1.7 professional staff.

The guidance department study of the Class of 1999 contained the following summary as of September, 1999.

SPF High School – Class of 1999	Number	Percentage
Seniors enrolled in college program	211	86%
Seniors enrolled in specialized/career/pre-college schools	5	2%
Students who have full-time employment	15	6%
Students entering the military service	3	1%
Students whose plans are still indefinite	12	5%
Total number of graduates	246	100%
National Merit Scholarship Corporation	Finalists	3
	Commended	7
National Achievement Scholarship Program	Commended	2
Reported amount of scholarship money over four years	\$2,084,212	

Terrill Middle School

The Terrill Middle School, as constructed in 1965, is composed of three building units separated by outdoor courtyards with enclosed walkways on each side. The central structure is a two-story wing with eight classrooms downstairs and 11 classrooms on the second level. The left wing contains an auditorium, media/library center, administrative suite and 10 classrooms. The right

wing has a large cafeteria, a two-station gymnasium and three classrooms. The school also has three computer laboratories that are used by classroom teachers on a sign-up basis. Three classrooms are divided in half for resource room instruction.

Coles and McGill Schools (K-5) are the “feeder” schools for this middle school, which had an enrollment of 1,086 in January, 2000. The board of education has approved a district reorganization whereby Terrill Middle School, which currently holds grades 6-8, would become a grade 5-8 middle school to accommodate enrollment increases. A bond issue proposal would add 12 classrooms, a multipurpose room, expanded parking and about \$275,000 in renovations for technology and ADA compliance. The pupil capacity of the building would be increased to 930 students.

Two of the 28 computers in the media center have access to the Internet and the administrative office computers are connected to the central office server for use of administrative software. Otherwise, the computers used for instructional purposes generally are not networked at this time.

According to the 1998 Fall Report, the Terrill Middle School had two administrators, 34.8 (FTE) classroom teachers and three educational support personnel. The school also had 19.6 non-certified support services personnel, including 6.8 teacher aides, 4.4 clerical/secretarial and 8.4 service workers. Although the school has seven custodians, the overall cleanliness level of the building was below expectations. One child study team serves the two middle schools and there is one guidance counselor in each building.

The middle school schedule begins at 8:30 a.m. and continues until 3:00 p.m., which provides a total of 1,950 minutes per week. With 30 minutes per day for lunch plus passing time between periods, there are about 1,700 minutes of instructional time each week or 5.7 hours per day.

In the two middle schools, students have a basic program of English, social studies, science and mathematics with a team teaching format in use in grade six and seven. Students participate in the world languages program, which offers four languages, and in the technology experiences, which integrate computer instruction with the content areas. Sixth graders take developmental reading, general music, art and industrial technology education. Seventh graders have guidance, art and industrial technology education. Electives are available to all students in vocal and instrumental music and to eighth graders in science, debate, Internet site design and current events.

Park Middle School

Park Middle School was originally constructed as a high school in 1926, with additions in 1938, 1960 and 1973. At different time periods, the school has been used as a high school, elementary school, junior high school and most recently as a middle school. At the present time, the K-5 elementary schools on the north geographic side of the district, namely Brunner School, Evergreen School and School One, serve as “feeder” schools for this middle school. Park Middle School has a capacity for 1,005 students and a current grade 6-8 enrollment of 538.

The building contains two gymnasiums, an auditorium, cafeteria/kitchen, and library/media center located on the ground floor. The school provides offices for three district supervisors and the Title I/basic skills program. The offices for the principal and guidance counselor are located on the first floor and there are a total of 49 classrooms on the three floors of the building. The school, which is located adjacent to School One, has grounds that contain fields for baseball, soccer and junior varsity football practice.

Under current plans, with the approval of a bond issue for renovations, the school is destined to become a grade 5-8 middle school by the year 2002-03. Renovations are proposed for the media center, science laboratories, art and music rooms, and auditorium. Selected window replacements, and lights, ceilings, floors, fire detection, ventilation and electrical upgrades are contemplated for a total renovation cost of about \$5 million. This 74 year old building also reportedly needs about \$300,000 in technology improvements, including network and telephone cabling systems and \$225,000 for Americans with Disabilities Act (ADA) compliance, such as the installation of an elevator.

The Park Middle School schedule has eight 39-minute periods, plus 25-minute lunch and 16-minute homeroom periods each day. Teachers teach five periods, have a preparation period, a team planning period and a duty period. Teachers do supervise the students during the lunchroom periods.

According to the 1998 Fall Report, the Park Middle School had two administrators, 39.1 (FTE) classroom teachers and three educational support personnel. The school also had 16.8 non-certified staff, including four teacher aides, 3.6 clerical/secretarial and 9.2 service workers.

McGinn School

The McGinn Elementary School, which was constructed in 1966 with an addition in 1973 of a media center and six open space classrooms, was named after a local physician who served the community for 40 years. The original building contained 22 classrooms with 10 classrooms in one wing and nine classrooms in a second wing. The entrance section has three kindergarten rooms, health and administration suites and a multi-purpose room. In 1985, the students were asked to select a mascot. Since the newly constructed playground contained a tire dragon, the students decided to be known as the McGinn Dragons with school colors of green and white. As indicated in the following table, the school had an enrollment effective January 31, 2000 of 536 students in grades K-5.

Grades	Enrollment	Class Sections	Average Class Size
Spec. K (autistic)	5	One class	5
K	71	Four classes	17.75
One	99	Five classes	19.80
Two	81	Four classes	20.25
Three	90	Four classes	22.50
Four	95	Four classes	23.75
Five	95	Four classes	23.75
Total Enrollment	536	Total - 26	

In addition to the 24 regular classroom teachers, the school has 17 special area teachers or other professionals, either part-time or full-time in these areas: basic skills, reading recovery, resource room, speech, art, music, physical education, occupational therapy, nurse, library/media, etc. There are also six instructional aides for special education, 10 part-time lunch/clerical aides, three custodians, one clerk typist and one secretary.

Since no child lives more than two miles from school, no regular McGinn children are eligible for public bus transportation due to the relatively small geographic school attendance area. There is a bus serving autistic children attending the school.

Brunner School

The H. B. Brunner School, which is located on Westfield Road, was constructed in 1961. The building contains a two-story classroom wing with nine classrooms, speech and reading recovery, multi-purpose room and faculty room on the first floor and 10 classrooms on the second floor. There is a media center nearby on level one with six classrooms located on two sides for preschool handicapped and also music. There is also a wing located off the main entrance with three kindergarten size rooms located across the hallway from the administrative office, conference room and nurse's room. The school had the following enrollments on January 28, 2000:

Grades	Enrollment	Class Sections	Average Class Size
Pre-K Special Education	88	Ten half-day classes	(range 6-13) 8.8
K AM & PM	59	Three half-day classes	19.7
Grade one	50	Three classes	16.7
Grade two	56	Three classes	18.7
Grade three	64	Three classes	21.3
Grade four	74	Three classes	24.7
Grade five	79	Three classes	26.3
Total Enrollment	470	Total - 28	

The school has 66 students who are being bused in for racial balance.

The elementary schools emphasize strong communication and computation skills through a basic program of reading, mathematics, science and social studies and language arts, including process writing. Specialists teach vocal and instrumental music, art, physical education and health. A media center, which is integrated with the curriculum, provides experiences for children in research and study skills.

Coles School

Constructed in 1963 on the southern side of Scotch Plains, the J. Ackerman Coles School has four distinct instructional wings, which contain a total of about 30 classrooms. There was an addition in 1972 that included a library/media center and six nearby instructional rooms for five third grades, basic skills and reading recovery instruction area. The first and second grade wing contains nine classrooms, with two modular resource rooms, which were attached in 1998. The fourth and fifth grade wing contains eight classrooms. The multipurpose room with stage, which

is located across from the administration and nurse's suite, functions for physical education classes, assemblies and school lunch. This section also contains three large and well-equipped kindergarten rooms.

The 10.3-acre site has a wooded area for nature walks and an environmental education center with plantings and benches. The parent teachers association has provided nearly \$20,000 for playground equipment constructed of tires and \$4,000 for a cultural arts program.

The hot lunch program with two serving periods is a satellite arrangement operating out of the high school building. Students have about 30 minutes for lunch and then have outdoor activities in good weather or go back into the classrooms in the winter months with supervision by aides. Since the school attendance covers a large area, about 50% of the regular students ride school buses to and from school.

Grades	Enrollment	Class Sections	Average Class Size
K AM & PM	65	Four half-day classes	16.25
Grade one	108	Five classes	21.6
Grade two	91	Four classes	22.75
Grade three	98	Five classes	19.6
Grade four	97	Four classes	24.25
Grade five	92	Four classes	23.0
Total Enrollment	551	Total - 26	

Utilizing Access 2000 funds for parts, the school was wired for networking by parent volunteers, and at the time of our visitation, was ready for final hookup by the telephone company. The media center has four computers connected for card catalog access and three other computers are connected to the Internet. There are one and occasionally two computers in each classroom and a cluster of four computers on carts which teachers can request for use in any classroom. Parents have donated at least 30 computers for student use.

In addition to 24 regular classroom teachers, the school has four resource room teachers and two basic skills/reading recovery teachers. There are also special teachers of art, vocal and instrumental music, physical education, speech, gifted and talented and the library/media professional. Four of these teachers are shared part-time with other schools. Three custodians, three classroom aides, 14 lunch/general aides, a clerk typist and one executive secretary are also on staff.

Evergreen School

The one story Evergreen School, which is located at Evergreen Avenue and Cedar Street, contains 22 classrooms for grades K-5, plus a multimedia center, and multi-purpose room. One classroom serves two resource teachers and classes and another room is used for basic skills instruction and the reading recovery program. Two modular classrooms were added in 1998. The central office administrative and supervisory staff is also located in one end of this building. The January, 2000 enrollments in the respective grades were as follows:

Grades	Enrollment	Class Sections	Average Class Size
K AM & PM	49	Three half-day classes	16.3
Grade one	60	Three classes	20.0
Grade two	63	Three classes	21.0
Grade three	79	Four classes	19.75
Grade four	80	Four classes	20.0
Grade five	60	Three classes	20.0
Total Enrollment	391	Total - 20	

The school day operates from 8:25 a.m. to 2:55 p.m., which provides 1,650 minutes of instructional time and 300 minutes of lunch/recess for a total of 1,950 minutes per five-day week. Reading/language arts, mathematics, science and social studies instruction occupy 1,390 minutes of that time, while art, music, chorus and physical education instruction are allocated 260 minutes. Reading Recovery is an early intervention program for “at-risk” first graders. In order for them to develop strategies to read at average classroom levels, one-on-one intense instruction for daily 30-minute lessons are conducted over an average period of 12 to 15 weeks. Reading Recovery is a short-term intervention program with a reported success rate of 85% in New Jersey and nationally.

The school staff consists of 31 certificated teachers, a school nurse and a school principal. The support staff has two office secretaries, a part-time library clerk typist, three custodians, one project MOST and two classroom paraprofessionals and eight lunch and instructional paraprofessionals.

School One

School One, a two-story building with an elevator, was constructed in 1970 to replace the original school with the same name. The school is located on Willow Street adjacent to and in back of Park Middle School, which faces Park Avenue. The building was constructed with a relatively “open” design with moveable walls hanging on tracks between classrooms. The first floor contains the multipurpose room, principal’s office and primary level classrooms for K-2. The second floor has the library/media area in the center of the building and grade 3-5 classrooms located primarily on three sides on the perimeter and special education classes on the fourth side. Special education classes, i.e., preschool handicapped and language and learning disabilities, are also located on the first floor. The multipurpose room, which does not have a stage, is used for physical education classes, assemblies and for serving lunches. Two modular classrooms were added in 1998, which currently house music and art instruction.

All classrooms have two computers and the media center has 12 computers for class use, plus four PCs for book and media catalogue access. One of the computers in the media center has Internet access. PTA volunteers and the principal recently completed the installation of network wiring, while utilizing parts and equipment purchased by the district. The PTA makes significant school contributions annually, such as \$3,850 for cultural arts, \$3,000 for technology, \$3,100 for the book fair and over \$10,000 for the playground fund.

The school serves as a magnet for all of the English-as-a Second Language (ESL) K-5 students for the district, which totaled 22 in February, 2000. Children entering school with a lack of English proficiency are assessed in accordance with State criteria to determine eligibility for assistance. A certified ESL teacher provides direct instruction in English for a minimum of 30 minutes per day. The ESL teacher also serves as a resource person to provide materials and suggestions to regular classroom teachers.

At the time of the team visitation, the following student enrollments were reported for the school:

Grades	Enrollment	Class Sections	Average Class Size
Pre-K, Special Education	25	Two half-day classes	12.5
K AM & PM	50	Three half-day classes	16.7
Grade one	45	Three classes	15
Grade two	68	Four classes	17
Grade three	71	Four classes	17.8
Grade four	56	Three classes	18.7
Grade five	60	Three classes	20
LLD-I through III*	23	Three classes	7.7
PDD**	8	One class	8
Total Enrollment	406	Total-26	

*Learning and/or Language Disabilities ** Pervasive Developmental Disorders

The school is staffed with 24 classroom teachers, including five special education teachers. There are 10 lunch general aides and nine classroom aides and three custodians. The school also has the services of 21 professional staff specialists including art, music, physical education, media specialist, nurse, child study team, speech, resource room, etc. Of that number, 11 are shared with other schools within the district.

Recommendation:

Of the five elementary schools within the district, School One has the smallest average class size in grades one and two. While six special education students are mainstreamed in grade one for homeroom and special subjects, there appears to be at least one excess teacher in the primary grades in this school.

Cost Savings: \$40,000

Gifted and Talented

Thinking is Basic (TIB) is a pullout program for academically talented students in the district. The program increases knowledge, comprehension and application of content areas and promotes creative thinking skills, higher cognitive operations, and problem solving skills. Multiple criteria, which include parents' and teachers' checklists, a group ability test, and a standardized test, are used to identify students in grades 3-5.

Pre-Kindergarten

The pre-kindergarten program is financed by a federally funded Title I program, which is designed to provide instructional assistance for children who demonstrate readiness needs. To be eligible children must be four years old on or before October 1. Students are screened for language abilities and large and small muscle development. The program, which meets for half-day sessions, fosters children's emotional, social and intellectual growth to enhance their ability to function when they enter kindergarten.

Since 1996-97, the Title I classes at Brunner School have been integrated with preschool handicapped classes, which has become known as the "Tots in Preschool-Together in One Program" (TIP-TOP). Increasingly, students with disabilities are being educated in a least restrictive, more natural environment.

Basic Skills

According to the district publication Basic Skills Improvement (BSI) Program Procedural Guidelines, Elementary Level, September, 1999, students who do not meet the minimum level of proficiency (MLP) in reading, writing and/or mathematics skills in grades 1-5 are eligible to participate in the BSI program, which is supported with local funds. Students who are classified as handicapped and are placed in a special education program are only eligible for the BSI program if they score below the MLP and if there is room in the program. Limited English (ESL) students are eligible for the BSI program if they scored below the district MLP on the designated standardized test and have been in the ESL program for two years.

There are specific MLP's in mathematics, writing and reading. For example, in mathematics the following standards are in place:

- 1st grade-a kindergarten teacher checklist –16 or below.
- 2nd grade- locally developed prior year assessments-below in four or more areas.
- 3rd grade- locally developed prior year assessments-below average in five or more areas.
- 4th grade-Stanford Achievement Test-results below 30%.

Reportedly the district follows the State Minimum Level of Proficiency (MLP) on the standardized test when selecting students for basic skills. However, when there is room in the program, marginal students may participate. For example, in February, 2000 at School One there were 41 students in basic skills reading and 36 in basic skills mathematics. Of that number in reading, 20 were state mandated and 21 were receiving local supplemental instruction. Likewise, in mathematics 19 students were mandated and 17 received supportive instruction.

The BSI program involves small group instruction and/or in-class support depending upon student needs and teacher schedules. Teachers meet with students a minimum of two periods per week. An Individual Student Improvement Plan (ISIP), which serves as an instructional guide, is developed for each student. The state has mandated that districts use a Spring to Spring assessment to measure both student and program progress.

Similar guidelines exist for the middle schools with proficiency being determined by the student's performance on the Stanford Test, whether administered in the Spring or the Fall. For example the MLP's in mathematics are 30% in grade 6, 37% in grade 7 and 37% in grade 8.

The review team collected information about the Scotch Plains-Fanwood needs assessment in relation to the number of students enrolled in the basic skills program. A comparison of the number of students identified in the needs assessment with those enrolled in the basic skills program is contained in the following table:

Comparison of Needs Assessment with Students Enrolled in Basic Skills			
Students-Grades 1-8	Reading/Language Arts	Mathematics	Writing
Identified by Needs Assessment	113	142	21
Enrolled in Basic Skills	222*	165	22
Differences	109	23	1

*Includes enrollments in reading recovery and reading literacy.

There was reasonable correlation in the two middle schools and in all of the skills areas at the five elementary schools, except for reading. In grades 1 through 5, there were almost twice as many students receiving basic skills reading instruction (including reading recovery and reading literacy) as were reported as identified in the needs assessment in reading and language arts.

The reading recovery program, which provides one-on-one instruction for a relatively brief period of time, is by design expensive when viewed on a short-term basis. The district has modified the program for selected students to provide small group literacy instruction rather than individual pupil instruction. In February, 2000, there were 22 students in the reading recovery program and 46 students in the literacy program distributed as follows:

School	No. of Reading Recovery Students	Number of Literacy Students
School One	3	8
Brunner	6	8
Coles	5	18
Evergreen	3	3
McGinn	5	9
Totals	22	46

Reportedly, the reading recovery program was inserted into the existing basic skills program without a significant budget increase. The total cost of the basic skills/remedial program for grades 1 through 8 has remained relatively level at about \$630,000 for the past four years. The following table provides a comparison of 1998-99 BSI costs in Scotch Plains-Fanwood and the three comparable districts.

Basic Skills/Remedial 1998-99 Expenses	Scotch Plains/ Fanwood	Randolph Township	Ridgewood Township	Westfield Township
Teacher Salaries	\$644,224	\$333,253	\$247,832	\$668,839
Other Salaries	\$0	\$0	\$49,468	\$0
Purchased Prof. Tech. Service	\$821	\$0	\$0	\$0
General Supplies	\$6,376	\$3,344	\$576	\$2,914
Textbooks/Other Objects	\$1,237	\$1,291	\$426	\$588
Totals	\$652,658	\$337,888	\$298,302	\$672,341
ADE Per Pupil Costs	\$152	\$69	\$59	\$132

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

The Scotch Plains-Fanwood ADE per pupil costs were the highest of the four districts, however, the costs were reasonably close to the Westfield costs. The average expenditure for basic skills instruction among the three comparable districts was \$65 per pupil higher.

The grade 1 to 8 basic skills and reading recovery programs had an FTE staff of 9.5 teachers in 1998-99 with total salary costs of \$652,658. Three of the 11 teachers were assigned to the program half time. Six teachers had many years of teaching experience, which resulted in salaries ranging from \$64,687 to \$80,150. The review team concludes that a significant part of the relatively high cost of these programs in Scotch Plains-Fanwood is due to the salary levels of the teachers.

According to the 1998-99 budget document, the 9.5 FTE basic skills/reading recovery teachers were assigned to schools as follows: Brunner-1.5; Coles-2; Evergreen-1.5; McGinn-2; School One-1.5; Parker Middle-.5 and Terrill-.5. In 1999-00, according to the district directory, the number of grade 1-8 basic skills/reading recovery staff had been increased to 10.5 FTE.

It should also be noted that the Scotch Plains-Fanwood costs of the high school basic skills program that services 85 students in mathematics and 68 students in English were not included in this section of the CAFR report. This appears to be related to the fact that one supervisor is responsible for the elementary and middle school programs and other supervisors handle the high school English and mathematics basic skills program. A total of five teaching periods, or the equivalent of one teaching salary, was devoted to basic skills English in grades 9-12 in 1998-99. In addition, there were four sections of basic skills instruction in mathematics at the high school level. In any event the CAFR report does not identify the total district-wide basic skills program costs in Scotch Plains-Fanwood.

According to the New Jersey School Board Association's Cost of Education Index, for 1997-98, the Scotch Plains-Fanwood Regional School District had a per pupil cost of \$149 for basic skills instruction. The per pupil basic skills cost among the three comparison districts were Randolph Township \$85, Ridgewood Village \$64, and Westfield Township \$139 per pupil. The New Jersey comparable figure was \$90 and the Union County per pupil cost was \$84.

Recommendation:

Factors that appear to influence the relatively high expenditure level for basic skills in Scotch Plains-Fanwood include:

- **Assignment of more senior teachers with higher salaries to the program;**
- **At the elementary school level, inclusion of marginal students particularly in reading, as well as those who are mandated into the program;**
- **Inclusion of the Reading Recovery program as a part of the basic skills program;**
- **High expectations for students to demonstrate proficiency on state and local tests; and**
- **A more diverse student population than some of the comparison districts.**

The review team recognizes the fundamental importance of basic skills for students and the need for some subjective judgement and flexibility in the identification process for borderline cases. However, district officials should consider an examination of the staffing and cost implications of inclusion in the basic skills reading program at the elementary school level of many students who were not identified in the needs assessment. Even leveling per pupil costs to the neighboring Westfield per pupil costs would save the district \$20 per ADE, or \$86,000.

Cost Savings: \$86,000

Guidance

The guidance and counseling program is an integral part of the school's educational program and operates under the umbrella of the office of pupil services. Guidance services in the Scotch Plains-Fanwood School District is offered to all students grades 6-12 in the high school and two middle schools. The district supervisor, five full-time counselors, and one secretary plus two office assistants staff the high school guidance department. Students are assigned to counselors alphabetically and continue with the same counselor throughout their high school years. Each middle school guidance office is staffed with one counselor and one office assistant.

The district supervisor of guidance supervises the high school and two middle school guidance departments during the 203-day contractual year. In order to assist in the development and implementation of the high school master schedule, three weeks of summer employment at a stipend are also provided. Other major departmental responsibilities include:

- Coordination of the high school testing program.
- Coordination of activities with the district's Substance Awareness Coordinator.
- Standing member on the high school Pupil Assistance Committee (PAC) which meets monthly.
- Organization and preparation of departmental resources and publications.

The supervisor also carries a caseload of 25 senior students, which helps maintain counseling skills, knowledge of student and school needs and rapport with students and staff.

A School Counseling Program guide details a developmental sequential program for students grade 6 through 12. This guide defines the philosophy, goals and objectives of the guidance function. The program guide includes purpose, program objectives, scope and sequence, and related guidance activities. The primary role of the counselor is to assist students to develop academically, socially, and personally.

The major functions of the high school department include orientation programs, course selection and scheduling, individual and small group counseling (resume writing, senior portfolio development, post secondary school planning, etc.), career awareness and college counseling, and interaction with parents, as needed. Within the school-counseling program, approximately 80% of the counselors' time is spent on direct individual services to students. Small group counseling activities are being developed to assist students with personal issues such as divorce and separation, death and grieving, underachieving, self esteem, and other concerns that students or staff may deem necessary.

The high school department has put into practice several new mini-grant initiatives: a Teen Tutors Program where approximately 50 high school students provide tutoring services to each middle and elementary school; and, a special orientation type program for transfer students regarding school and community information and services. A well-organized and sequential process beginning in the junior year provides post secondary career and college planning for both students and parents. The program incorporates specific session topics and dates and covers application procedures, financial aid and scholarships, and school to work transitioning. An aspect of this program includes the formation of a College Club of Parents group for back-to-school night programs to further assist students in securing college information and scholarships. The department utilizes the Discover computer-based program that is defined by career cluster and at different educational levels. Students may explore career interests, occupations, post secondary schools and majors.

Personal computers for the counselors should be considered so that appropriate administrative and record-keeping tasks can be readily addressed. Modern departmental services can be provided with access to the district's main frame computer resources, as well as to other educational services such as E-mail and the Internet.

The district's middle school guidance program works with students and parents on transitional planning and orientation at appropriate grade level junctures. The counselor provides coordination of professional services and individual and group counseling services. Developmental guidance lessons such as social decision-making, conflict resolution, and career choices are integrated within selected school courses. A mini-grant initiative entitled Career Exploration Program, which included an interest inventory, was introduced to the seventh grade the past year and is being continued.

The substance awareness coordinator reports to the director of pupil services and is employed on a part-time basis. Overseeing the district's Student Assistance Program entails the following job functions:

- Develops and implements chemical health education curriculum.
- Develops district drug and alcohol policies and guidelines.
- Provides staff in-service training.
- Develops and coordinates a referral system and intervention services, e.g., Resolve Intervention Program.
- Serves on the community Municipal Alliance Committee.
- Prepares and administers the Title IV Safe and Drug-Free School and Community Act grant.

The district's drug education curriculum is "Here's Looking At You, 2000" which is incorporated within the kindergarten through grade 12 comprehensive health education program. The Drug Awareness Resistance Education (D.A.R.E.) program is included in the 5th and 6th grade curriculum.

Elementary guidance/counseling services are provided by district third party contract with the Resolve Counseling Agency to assist students and families in need of mental health services. Part-time intervention counselors are employed throughout all of the district's schools to provide individual, group and family counseling services. Concerns and problems in the areas of crises related situations and substance use are addressed. District guidance counselors in the middle and high school and principals in the elementary schools are the primary liaison between the school and Resolve Intervention Program services. Service availability to the district is scheduled as follows: four days in the high school; one and a half days in each middle school; and one day per week in each of the five elementary schools.

The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends the following ratios of counselors to students based upon grade level: High School 1:225, Middle School 1:338 and Elementary Schools 1:500. For the 1999-00 school year, the High School enrollment of 1,065 students is within recommended state guidelines. The Park Middle School enrollment of 529 students and the Terrill Middle School enrollment of 487 students are on average near recommended counselor/student ratio state guidelines. Reorganization of the middle schools from grades 6-8 to grades 5-8 and the proposed addition of one guidance counselor at each middle school would further enhance guidance staffing.

A district Curriculum Advisory Committee report prepared in June, 1999 and revised in February, 2000 recommended that an additional counselor be employed in each middle school and that guidance counselors be employed on the elementary school level. The report emphasizes that an elementary school guidance program should provide needed services for a complete sequential developmental guidance program for all district students.

A comparative analysis of guidance department expenditures in the following table indicates that the Scotch Plains-Fanwood School District is operating a cost-effective program with the lowest cost per student among the comparison districts.

Guidance & Counseling Services Expenditures 1998-99

	Scotch Plains	Randolph	Ridgewood	Westfield	Average
Professional Salaries	\$478,772	\$732,790	\$899,578	\$1,015,803	\$781,736
Clerical Salaries	\$167,531	\$98,192	\$127,710	\$161,879	\$138,828
Other Salaries	\$12,610	\$5,824	\$0	\$312	\$4,687
Purchased Professional	\$38,153	\$1,969	\$320	\$3,511	\$10,988
Purchased Other	\$6,378	\$963	\$35,404	\$5,137	\$11,971
Supplies and Materials	\$12,667	\$9,772	\$52,492	\$21,553	\$24,121
Other Objects	\$49	\$6,015	\$339	\$567	\$1,743
Total Expenditures	\$716,160	\$855,525	\$1,115,843	\$1,208,762	\$974,073
Number of Students	4,300	4,883	5,072	5,077	4,833
Costs Per Student	\$167	\$175	\$220	\$238	\$202

Source: School District's 1998-99 CAFR

Recommendations:

The district's guidance functions are well-organized and appear to be meeting the needs of the students. A review of the district's Comprehensive Annual Financial Report (CAFR) general fund actual expenditures for the 1997-98 and 1998-99 fiscal years indicates that the overall costs of the guidance program are cost effective.

The district is commended for initiating an early intervention program in the elementary schools with the Resolve program. A good beginning has been made. The district's Curriculum Advisory Committee report recognizes the need to provide counseling on problems at early stages. District officials should continue to evaluate the adequacy of the elementary school guidance and counseling services.

District officials should consider the acquisition of personal computers for the counselors, particularly as the district enhances technology in the proposed facility bond referendum. More computerization access of student information would facilitate record-keeping tasks and reduce the clerical workload and associated staffing costs. With proper utilization a significant amount of time can be saved which can be reallocated to other areas of concern and need. New technology will enhance counselor knowledge and resources to better serve students.

Special Education

The program review entails the examination of the district's special education organizational chart, program staffing and structure, out-of-district placements of students with disabilities, and overall special education costs. The special education program and child study team services in the Scotch Plains-Fanwood School District are provided under the Office of Pupil Services to all eligible students preschool to grade 12 throughout the district's schools. The district's 1999 Annual Data Report prepared December 1, 1999 indicates an overall unduplicated count of 822 public and nonpublic students with disabilities, ages 3-21. The following chart covers special education enrollments and staffing for the past four years:

Special Education Enrollments & Staffing

Student Enrollments	1996-97	1997-98	1998-99	1999-00
District Enrollment	4,200	4,225	4,282	4,441
Special Education Enrollment*	539	569	568	607
Special Education Percent	12.8%	13.5%	13.3%	13.7%
Special Education Teachers/Aides				
Special Class Teachers	8.5	7	4	8
Resource Program Teachers	29.5	33	38	35
Preschool Teachers	2	2.5	4	5
Teacher Aides	<u>22.5</u>	<u>25</u>	<u>29.5</u>	<u>36</u>
Total	62.5	67.5	75.5	84
Child Study Team				
School Psychologists	4	4	4	4
Social Workers	4	4	4	4
LD-TCs	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total	12	12	12	12
Speech Therapy Enrollments				
Speech Only	155	171	175	155
Speech/Language Correction	<u>185</u>	<u>205</u>	<u>190</u>	<u>221</u>
Total	340	376	365	376
Speech/Language Specialists	5.5	6.5	7	7

Source: District's Annual Data Report and ASSA Report

*Nonpublic and Speech Only Students Excluded

Departmental administrative organization includes a director of special services, two supervisors of special education, one for grades PK-5 and one for grades 6-12. The supervisors report to the director and are responsible for the development, coordination, and supervision of all special education instructional programs and related services.

Self-Contained Special Class Programs

For the 1999-00 school year, the district is conducting 13 special class programs for 143 students as illustrated in the following chart:

Self-Contained Special Education Classes-April, 2000

School	Class Type	Age Range	Allowable Class Size	Class Size with Aide	Students Enrolled	Aide in Class	Aide Required	Available Space
McGinn	AUT	5-7	3	6	6	2.5	Yes*	0
Brunner	PD	3-5	8	12(2 Aides)	8/11(AM/PM)	2	Yes	4/1(AM/PM)
Brunner	PD	3-5	8	12(2 Aides)	8/8(AM/PM)	1	Yes	0
Brunner	PD	3-5	8	12(2 Aides)	10/11(AM/PM)	2	Yes	2/1(AM/PM)
Brunner	PD	3-5	8	12(2 Aides)	8/11(AM/PM)	1.5	Yes	0/1(AM/PM)
School One	PD	3-5	8	12(2Aides)	8 (Full-time)	4	Yes*	4
School One	LLD	5-7	10	16	7	1	Yes*	3
School One	LLD	7-10	10	16	7	1	Yes*	3
School One	LLD	7-9	10	16	9	1	Yes*	1
Park	MD	10-13	8	12	8	0		0
Park	MD	10-13	8	12	7	0		1
High	MD	14-17	8	12	8	0		0
High	MD	14-17	8	12	8	0		0
Totals	13				143	16		21

Class Type Definitions: AUT-Autism; PD-Preschool Disabilities (class size of 8 includes aide); LLD-Learning and/or Language Disabilities; MD-Multiple Disabilities

*Program/IEP: Certain program conditions or IEP requirements may call for aide assistance beyond allowable class size mandates such as: accompanying and assisting severely disabled students to special programs, e.g., art, music, etc., dependent on regular class schedules; younger more disabled students not toilet trained; one on one aide assignments; transition needs of certain students moving from preschool to kindergarten; extreme behavioral problems; and programs developed for students who exhibit pervasive developmental disorders or autistic characteristics that require more adult individual attention.

The available space indicates a potential for the district to accommodate an additional 21 PK-8 grade students in these self-contained classes with the existing personnel based on allowable instructional group sizes with or without classroom aide assignments. The review team recognizes as enumerated above the difficulties of filling every special education classroom to maximum capacity and that special or extraordinary conditions may exist that the CST may find more beneficial when the functioning of the class as a whole is considered. The district may want to investigate the possibilities of bringing other district students with disabilities on a tuition basis to aid with enrollment allowances where appropriate. Annual examination of this area will assure that the district's resources are fully utilized.

Resource Programs

Resource programs conducted by 35 teachers include in-class support and both pullout replacement and support type classes and are the district's major program emphasis for students with disabilities. The resource program in-class subjects mainly include reading, mathematics, and science. To accomplish this, a resource in-class support teacher works with the regular classroom teacher to help special needs students keep up with the material being taught. The regular classroom teacher is responsible for the lesson but is in continuous communication with the in-class support teacher, so both understand what students should learn from it. Resource pullout classes are the mainstay of the special education program, and approximately 60% of these classes are of the support type. In this regard, the district's curriculum based on the state's core curriculum content standards is followed. The resource replacement program utilizes general education curriculum modifications based on the student's IEP.

The resource program teacher has primary instructional responsibility for the student in the program and determines the student's report card grades and subject achievement. Single subject classes with no aides have an allowable group size of six students on the elementary level and nine students on the secondary level. At the elementary level, the program may be provided for up to one half of the school day and at the secondary level, up to the entire school day. It should also be noted that resource program pullout students are receiving instruction ranging from one to five multiple subjects. Additionally, nine special education aides are assigned to resource program classes based on class size enrollments. Increased instructional costs are also driven by the move to least restrictive environment (LRE) programs such as resource programs as defined above; obviously, instructional programs that offer small classes will be more expensive than general education classes.

Out-of-District Placements

For the 1998-99 school year, the average special education out-of-district tuition cost for a public school placement was \$32,307; and a private school placement was \$37,845. Transportation costs for these placements totaled \$515,938 resulting in an average overall cost of \$44,809 per student. See chart below:

Out-of-District Placement Costs for Special Education

School Type	Number of Students	Tuition Costs	Transportation Costs	Average Cost
Public Schools	24	\$775,379		\$32,307
Private Schools	31	\$1,173,200		\$37,845
Total	55	\$1,948,579	\$515,938	\$44,809

Source: District's CAFR

A review of the 1997-98 school year tuition costs showed a total expenditure of \$1,938,817. Stable tuition costs for these two years is attributed to the return of students from out-of-district placements. Over the past two years, 13 students have returned to the district's programs.

Child Study Team

The four child study teams are directly supervised by the director. Two teams are assigned to cover five elementary schools, one team is assigned to the two middle schools, and one team is placed in the high school. Five secretarial staff members are employed, one per team and one for departmental administrative duties. The office of pupil services maintains primary responsibility for other departments or services, such as: Guidance and Counseling, School Nursing, English-as-a-Second Language, Attendance, Home Instruction, Substance Awareness Coordinator and Resolve Program, Pupil Assistance Committee (PAC) activities, and third party related services areas. All CST members act as Case Managers for out-of-district program placements as determined by student/school assignment at the time of placement. Besides overseeing the above service areas the director also prepares and manages the district's Individuals with Disabilities Education Act (IDEA), Part B grants. The preschool grant provides for summer preschool staff and services. The basic grant provides for one CST, two secretaries, one speech/language

specialist, one special education teacher, and five teacher aides staffing positions; supplies, home instruction and staff development costs are also provided. IDEA, Part B grants funds for fiscal year 2000 totaled \$549,566.

Three years of total costs for this area are found in the district's CAFR and listed as "Other support services-students-special services" as illustrated below:

Child Study Team Support Services Costs

Special Services Expenditures	1996-97	1997-98	1998-99
Salaries of Other Professional Staff	\$626,144	\$555,813	\$528,741
Salaries of Secretarial & Clerical Assistants	\$117,932	\$123,936	\$110,197
Other Salaries	\$22,092	\$47,518	\$20,000
Purchased Professional-Educational Services	\$17,149	\$15,070	\$17,084
Purchased Professional & Technical Services	\$0	\$575	\$2,268
Miscellaneous Purchased Services	\$2,041	\$2,103	\$3,000
Supplies & Materials	\$54,450	\$19,061	\$6,432
Total	\$839,808	\$764,076	\$687,722

Additionally, six full-time and two part-time 10-month speech/language specialists are employed throughout the district's elementary schools. For the 1999-00 school year, a total of 376 students are eligible for both speech/language correction related services (221) and speech only (155) services. Speech services are based on individual student needs and range from one time per week to four times per week with varied time allotments and can include group or individual sessions.

A comparative analysis of special education student enrollments and of the scope of child study team and speech services is illustrated in the following chart:

Staff & Ratios to Enrollment & Child Study Team Classification Rates

Comparative Districts	1995-96	1996-97	1997-98
Scotch Plains-Fanwood			
Total Enrollment	4,065	4,200	4,225
CST Rate	13.5%	12.8%	13.5%
Ratio Enroll/(CST/3)	1,016 (12)	1,050 (12)	1,056 (12)
Randolph			
Total Enrollment	4,400	4,569.5	4,823
CST Rate	8.7%	9.3%	9.4%
Ratio Enroll/(CST/3)	943 (14)	1,015 (13)	1,113 (13)
Ridgewood			
Total Enrollment	4,878	4,925	5,050
CST Rate	6.4%	6.8%	7.5%
Ratio Enroll/(CST/3)	1,126 (13)	938 (15.6)	935 (16.2)
Westfield			
Total Enrollment	4,696	4,807	5,392
CST Rate	12.3%	12.1%	12.1%
Ratio Enroll/(CST/3)	1,084 (13)	1,174 (12)	1,371 (11.8)
<u>District Factor Group</u>			
Number of Districts		101	102
CST Rate		10.3%	10.4%
<u>New Jersey</u>			
Number of Districts		553	560
Total Enrollment		1,220,355	1,240,920
CST Rate		12.0%	12.1%
Ratio Enroll/(CST/3)		1,064 (3,439)	1,027 (3,625)

Source: New Jersey State Department of Education, Special Education Statistical Report

CST Classification Rates: Percentages are calculated by dividing the public special education enrollment (Special Education Plan) by the resident public school enrollment (ASSA) for each group.

Ratio Enroll/(CST/3): Calculated by dividing the total enrollment by 1/3 of the number of CST members.

Numbers shown in parentheses represent staff members taken from Certified Staff Report employed in FTE (Full-time Equivalent).

The Scotch Plains-Fanwood child study team classification rate is somewhat higher than the rates in the three comparative districts, DFG group districts, and state averages for the years illustrated. The district should review this information as it seeks to devise or identify programs or alternatives that other similar districts are employing which can meet student needs and may aid the district in reducing classification rates.

The following charts reference various comparison areas:

Special Education District Cost Comparisons

General Fund	1996-97	1997-98	1998-99
Instructional Services	\$2,418,359	\$2,576,810	\$2,781,181
Related Services	\$259,494	\$271,120	\$270,739
Extraordinary Services	N/A	N/A	N/A
Special Services	\$839,808	\$764,076	\$687,722
Out-of-District Tuition	\$1,836,127	\$1,938,817	\$1,948,579
Transportation Services	\$432,700	\$613,647	\$515,938
Total	\$5,786,488	\$6,164,470	\$6,204,159

Special Education Expenditure Comparisons 1998-99

General Fund	Scotch Plains-Fanwood	Randolph	Ridgewood	Westfield
Instructional Services	\$2,781,181	\$2,034,884	\$1,887,651	\$2,623,447
Related Services	\$270,739	\$392,587	\$724,695	\$577,351
Extraordinary Services	N/A	N/A	\$552,764	\$199,555
Special Services	\$687,722	\$1,100,836	\$1,733,196	\$941,725
Out-of-District Tuition	\$1,948,579	\$1,902,391	\$1,736,107	\$2,800,136
Transportation Services	\$515,938	\$471,205	\$779,601	\$949,533
Total	\$6,204,159	\$5,901,903	\$7,414,014	\$8,091,747
Cost Per ADE Student	\$1,443	\$1,209	\$1,462	\$1,594
District ADE Enrollment	4,300	4,883	5,072	5,077
Instructional Svcs. Cost Per ADE Student	\$647	\$417	\$372	\$517

Source: Districts' Comprehensive Annual Financial Report (CAFR)

The district's ratio of students with disabilities is increasing appreciably (12.6% increase from 1996-97 to 1999-00) when compared to the increase in total student enrollment of 5.7% for the same time period. This increase has impacted the most on the special education instructional services budget area, which increased 15.0% from the 1996-97 to 1998-99 school years whereas regular education instructional costs increased 5.6% for the same time period. The Scotch Plains-Fanwood special education instructional services cost per student is 49% higher than the average of the three comparable districts.

Scotch Plains-Fanwood total overall special education costs at \$1,443 per ADE student were \$22 higher than the average of the three comparable districts. This amounts to an extra special education cost of \$94,600 for the district.

In order to modify the upward trend in the number of learning disabled classifications and resulting increased special education costs, the district needs to examine other program alternatives. Appropriate accommodations for eligible students that can make it possible for more students to be successful in the general education classroom environment must be rigorously pursued through the Pupil Assistance Committee (PAC) and Section 504 of the Rehabilitation Act of 1973 processes with participation of all stakeholders. Both PAC and 504

activities can assist the teaching staffs to design, implement, and monitor intervention strategies within the general education programs that are effective for students who may be experiencing instructional and/or behavioral problems.

Recommendations:

More students with disabilities are entering the district, particularly preschool age disabled and early age autistic children. In order to respond to these needs and to moderate the rising costs of special education, district officials should monitor existing preschool programs and the programs designed for these young students with pervasive developmental disorders so that allowable class sizes can be attained. District officials should review closely both staffing and class sizes in its special education programs. With a score of “empty seats” under state regulations, class schedules should be examined and perhaps reorganized in order to accommodate more students per class. District officials could also consider expanding other less restrictive placement options within the district that could meet the needs of some students. Student needs as determined by the IEP should remain the managing factor.

Cost Savings: \$94,000

The district should, to the maximum extent appropriate, continue to place students with learning disabilities with non-disabled students. General education programs that can be conducted by regular education teachers with supplemental aids and services need to be incorporated within the district’s overall curriculum offerings.

District officials should examine the continuing trend of an increasing number of out-of-district student placements. The district should continue the return of out-of-district students to in-district programs whenever appropriate programs and services can be delivered.

The use of IDEA grant moneys to fund salaries and benefits for special education new employees when warranted should be continued within the district’s overall local program budgeting efforts. Staff development needs should be charged to the district’s Comprehensive System of Personnel Development (CSPD) budget.

Bilingual/English-as-a-Second Language Education (ESL)

Districts are required to offer bilingual education whenever 20 or more students have limited-English-proficiency and the same language background. The program helps students to continue developing academic skills in their native language as they transition to English. Districts are required to operate an ESL program whenever 10 or more students with limited English proficiency are enrolled. The ESL program helps students who are not native English speakers to speak English.

While there are about a dozen languages and dialects spoken by the families of public school students, the Scotch Plains-Fanwood School District does not qualify for a bilingual education program, as there are only 11 Spanish students with language needs. Instead, the district has a

relatively small student enrollment in English-as-a-Second Language instruction. One ESL teacher provides instruction to four students at the high school, eight students at Park Middle School and 22 students in grades K-5 at School One. School One serves as a magnet for all of the English-as-a-Second Language (ESL) K-5 students for the district, which totaled 22 in February, 2000. The School One ESL enrollments were distributed as follows:

Elementary School English-as-a-Second Language Enrollments	
Grade Level	No. of Students
Pre-Kindergarten (Title 1)	6
Kindergarten	7
Grade 1	1
Grade 2	2
Grade 3	1
Grade 4	2
Grade 5	3
School One Total	22

Children entering school with a lack of English proficiency are assessed in accordance with state criteria to determine eligibility for assistance. The certified ESL teacher provides direct instruction in English for a minimum of 30 minutes per day. The ESL teacher also serves as a resource person to provide materials and suggestions to regular classroom teachers.

Bilingual/ESL	Scotch Plains Fanwood	Randolph Township	Ridgewood Township	Westfield Township
Teacher salaries	\$53,053	\$128,950	\$173,543	\$180,898
Other salaries	\$363	\$0	\$0	\$0
Purchased services	\$95	\$0	\$0	\$0
General supplies	\$963	\$3,058	\$548	\$718
Textbooks	\$0	\$0	\$559	\$771
Totals	\$54,474	\$132,008	\$174,650	\$182,387

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

The average expenditure for bilingual and/or ESL instruction among the three comparable districts was \$163,015 in 1998-99. Although the absence of a bilingual program obviously reduces the cost for the district, the Scotch Plains-Fanwood ESL expenditure of \$54,474, or \$1,702 per ESL pupil, appears quite reasonable. Other reviewed districts with bilingual/ESL programs have often spent between \$2,000 to \$2,500 per student.

The district is commended for concentrating the 22 ESL elementary students in one school and the eight middle school ESL students in one middle school for cost efficient instruction.

Recommendation:

At the time of the review team visit in March, 2000, the Scotch Plains-Fanwood School District had a total of 34 ESL students who were instructed by classroom teachers and one ESL teacher who traveled among three schools. If student enrollments increase, additional ESL staffing will be needed for this district-wide program that covers three school levels.

Health Services

The Scotch Plains-Fanwood School District employs one full-time certified school nurse within each of the five elementary schools and two middle schools. One full-time and one part-time certified school nurses are assigned to the high school. The nurses primarily report to their respective building principals, and general oversight of the health services program falls under the management of the director of special services. All nurses are 10-month employees, and the middle and high school nurses are asked to assist with sports physicals over the summer, for which they receive additional compensation based on their daily rate of pay. All nurses in the elementary schools teach selected subject areas (drug and alcohol substance awareness, general health nutrition, etc.) in conjunction with the health/physical education department staff. In the middle schools the nurses are used as resource persons for certain areas in the Health Education program.

The primary functions of the nurses include general student assistance (first aid and medical checks), administering individual medications, conducting screening for physicals, coordination of inoculations, conducting in-service staff training, initiation and follow-up regarding medical problems and concerns to assist students and their families, and making appropriate referrals. All nurses provide staff training regarding the Heimlich maneuver, CPR, and universal precautions via the district's Exposure Control Plan. A district wide Health Care Plan has been developed that identifies students with serious medical conditions and is shared with appropriate staff members. The school nurses also serve as members of the CORE team in the high school and the Pupil Assistance Committee (PAC) in their respective elementary schools. Substitute nurse services are sometimes difficult to secure. If a substitute is not available, a formal buddy assignment has been established amongst the school nurses for building coverage for student medications and emergencies.

There is no clerical support available to any of the nurses; consequently, all nurses are responsible for their record keeping needs. The district has initiated computerization in this area and plans to equip all nurses' offices with computers in the future. That should help in the maintenance of required data collection and standardization of district health practices.

Health personnel, examination of pupils, health records, immunizations, and health measures in general are provided in accordance with N.J.S.A. 18A:40. The district has secured the services of a local medical group to provide necessary school physician services, which includes the assignment of three to four doctors for district medical needs. Job description and contractual agreement are on record. The school physicians are primarily responsible for performing student physicals, excluding students for contagious or communicable disease, examinations of students applying for working papers, providing athletic/sports medical coverage for certain athletic

events, and school employees' examinations and vaccinations when required. The chief medical inspector oversees the district's compliance with statutory and regulatory health requirements for public schools.

District total expenditures have been relatively stable for the reported years of 1996-97 through 1998-99 with a per pupil cost of \$114 for the 1998-99 school year as listed below:

Health Services Three-year Cost Comparisons

Scotch Plains-Fanwood Regional	1996-97	1997-98	1998-99
Salaries	\$334,766	\$365,238	\$384,794
Purchased Professional & Technical Services	\$151,005	\$117,325	\$96,203
Other Purchased Services	\$474	\$107	\$511
Supplies & Materials	\$7,102	\$6,442	\$7,630
Total	\$493,347	\$489,112	\$489,138

Purchased professional and technical services expenditure is higher than usual for this object code due to the costs of the district's contract with the Resolve Counseling Agency to provide assistance to students and families who are in need of mental health services.

Health Services Expenditure Comparisons 1998-99

Health Categories	Scotch Plains-Fanwood	Randolph	Ridgewood	Westfield
Salaries	\$384,794	\$396,339	\$484,785	\$733,060
Purchased Prof. Technical Services	\$96,203	\$22,054	\$0	\$53,888
Other Purchased Services	\$511	\$5,011	\$351	\$0
Supplies & Materials	\$7,630	\$11,249	\$10,859	\$8,318
Other Objects	\$0	\$0	\$85	\$974
Total Costs	\$489,138	\$434,653	\$496,080	\$796,240
District ADE Enrollment	4,300	4,883	5,072	5,077
Cost Per Student	\$114	\$89	\$98	\$157

Recommendations:

Record keeping and other clerical duties remain time consuming. With no clerical support, the nurses must perform these tasks. The district should complete its plans for the computerization of student health records to facilitate the record keeping responsibilities and the transfer of student information and mandated records from school to school.

Instructional Costs

According to the NJDOE Comparative Spending Guide, March, 2000, the Scotch Plains-Fanwood School District spent about 7.5% more per pupil for total classroom instructional 1998-

99 cost than the average for the three comparable school districts. It should be noted that these expenditures include classroom instruction for both regular and special education pupils and employee benefits are applied as a percentage of salaries.

	1998-99		1999-00	
Total Classroom Instruction Cost–K-12 Comparable Districts	Actual Per Pupil* Cost	% of Total Comparative Cost/Pupil	Budget Per Pupil **Cost	% of Total Comparative Cost/Pupil
Randolph Township	\$4,624	59.3	\$4,887	59.5
Ridgewood Township	\$5,189	58.2	\$5,522	59.7
Westfield Township	\$5,229	61.8	\$5,058	60.9
Three District Ave.	\$5,014	59.8	\$5,156	60.0
Scotch Plains/ Fanwood Regional	\$5,392	60.8	\$5,493	61.3

*Average daily enrollments (ADE). ** Unaudited pupil count.

It appears that a significant amount of the extra expenditure in Scotch Plains-Fanwood relates to the higher costs of employee benefits. Employee benefits in Scotch Plains-Fanwood were 17.7% of total salaries compared with a 13.4% average for the three similar districts and a K-12 state median of 15.9%. Health benefits costs are addressed under the Collective Bargaining section of this report.

A more specific examination of CAFR total regular program instructional data in the following table indicates that the Scotch Plains-Fanwood per pupil regular program expenditures at \$3,805 in 1998-99 were slightly less than the three-district average of \$3,895. Special education, basic skills and bilingual education costs are presented in separate sections of the report.

Instruction-1998-99	Scotch Plains-Fanwood	Randolph	Ridgewood	Westfield
Total Regular Programs	\$16,360,683	\$17,414,135	\$21,472,056	\$19,725,387
ADE Enrollment	4,300	4,883	5,072	5,077
Per Pupil Cost	\$3,805	\$3,566	\$4,233	\$3,885

The following tables utilizing data from the Comparative Spending Guide March, 2000 indicate that Scotch Plains-Fanwood spent relatively more for classroom salaries and benefits and relatively less for classroom general supplies and textbooks than the three comparable districts.

	1998-99		1999-00	
Classroom Salaries & Benefits Cost–K-12 Comparable Districts	Actual Per Pupil* Cost	% of Total Comparative Cost/Pupil	Budget Per Pupil **Cost	% of Total Comparative Cost/Pupil
Randolph Township	\$4,402	56.4	\$4,639	56.5
Ridgewood Township	\$4,970	55.8	\$5,244	56.7
Westfield Township	\$4,976	58.4	\$4,797	57.8
Three District Ave.	\$4,782	56.9	\$4,893	57.0
Scotch Plains/ Fanwood Regional	\$5,183	58.4	\$5,274	58.9

*Average daily enrollments (ADE). ** Unaudited pupil count.

According to the NJEA Research Bulletin A98-1, Basic Statistical Data, February, 1999, the Scotch Plains-Fanwood Regional School District cost for teachers' salaries in 1997-98 was \$4,335 per pupil compared to an average \$4,203 cost for the three comparable districts and a \$3,805 per pupil cost for Union County. These per pupil costs for teachers' salaries are influenced by the salary guide levels, numbers of teachers and experience and training levels.

The three-year trend for Scotch Plains-Fanwood classroom general supply and textbook per pupil costs and budgets has been \$183 in 1997-98 and \$138 in 1998-99, with \$124 the budgeted amount in 1999-00. This downward trend appears to be the result of budget CAPS and the pressures of the negotiated agreement for salaries and benefits.

	1998-99		1999-00	
Classroom Gen. Supplies & Textbooks Cost-K-12 Comparable Districts	Actual Per Pupil* Cost	% of Total Comparative Cost/Pupil	Budget Per Pupil **Cost	% of Total Comparative Cost/Pupil
Randolph Township	\$212	2.7	\$240	2.9
Ridgewood Township	\$151	1.7	\$180	1.9
Westfield Township	\$171	2.0	\$170	2.0
Three District Ave.	\$178	2.1	\$197	2.3
Scotch Plains/ Fanwood Regional	\$138	1.6	\$124	1.4

*Average daily enrollments (ADE). ** Unaudited pupil count.

Recommendation:

According to the Comparative Spending Guide, the K-12 state average per pupil expenditure for classroom general supplies and textbooks for 1998-99 was \$203. Although these items are a relatively small percentage of total instructional costs, research studies indicate that adequacy of instructional materials, supplies, books, etc., has a significant impact on instructional quality. Therefore, district officials should examine this multi-year trend for budgeting priorities for the near future.

Another component under total classroom instruction, i.e., classroom purchased services and other costs, includes amounts paid to non-district employees for occupational, speech and physical therapy, assembly speakers and standardized subject exams, as well as the costs of rental or lease purchase of equipment for classroom use. The state K-12 median and average costs in 1998-99 for classroom purchased services were \$40 and \$65 respectively. As reported by the Comparative Spending Guide, March, 2000, these figures increased in the 1999-00 budgets to \$49 and \$110 respectively. Correspondingly, the Scotch Plains-Fanwood School District actual costs for classroom purchased services were \$65 in 1998-99, while the budget figure for 1999-00 increased to \$95.

Library/Media Services

Scotch Plains-Fanwood Regional School District is comprised of five elementary schools, two middle schools, and one high school, and each building contains a library/media center. The

school district's print collection includes approximately 127,000 books, subscriptions to numerous children and young adult magazines, professional materials for staff, and audio-visual materials to support and enrich the curriculum.

The general goals of the district's media centers are to support the curriculum, provide for recreational reading and build research skills in accordance with the New Jersey core curriculum standards. The district has an up-to-date and detailed job description for media specialists.

The review team visited each of the school media centers as part of the review process. More detailed information about the operation was collected from Evergreen Elementary School, Terrill Middle School and the high school.

In Evergreen School the media specialist uses fixed weekly scheduling for grades K-2 and flexible scheduling for grades 3-5. All classes are read to whether the schedule is fixed or flexible. Teachers plan and coordinate with the media specialists to block out the time needed to complete various different projects and themes. Flexible scheduling allows the media specialist to integrate information literacy skills into each area of the curriculum. In turn, there is the opportunity for resource-based instruction, which is the use of multiple resources in a variety of media formats and technologies to achieve curricular objectives. For example, students who are researching world cities can utilize any or all of the following items in their efforts: encyclopedias, non-fiction books, CD ROMs, video and audiotapes, atlas, almanac and the Internet. As in other schools, several reading incentives are conducted by each respective library center for students according to their grade level.

The school's media center is automated to allow patrons to search the on-line catalog and circulate books using the Winnebago System. Students are issued individual library cards containing their barcode for efficient circulation. Library management takes place from 8:30 - 9:00 a.m. and from 2:10 - 2:50 p.m. The Evergreen center has clerical assistance for seven hours per week and an aide who works daily from 1:00 - 2:10 p.m. The media specialist reported a serious lack of volunteers and the desire for full-time clerical help.

The district's elementary schools are automated and include online access to the catalog, CD-ROM materials, the Internet, and an online, full-text, periodical database. Library media specialists actively encourage student interest in reading activities such as booktalks, story time, displays, contests, programs and author visits. Each K-5 elementary school has one education media specialist (or an associate) and a .2 part-time clerk typist. Most of the schools have non-tenured media specialists. Volunteers are usually sought in the schools but the response is usually very limited with many volunteers eventually finding paid employment and then dropping out of their allocated spots.

There are various databases in place at both the middle school and high school levels. The middle school has access to Grolier's Encyclopedia on-line, SIRS Research and World Book. The high school currently utilizes EBSCO informational database which costs about \$2,500. Next year this service will be obtained through a consortium at no cost to the school enabling the purchasing of another system.

At the middle school level, information skills are in place and library media specialists concentrate on selecting resources for students' reading, viewing and listening needs. The middle school media centers are automated and include local network access to the catalog, CD-ROM materials, the Internet, and an online full-text periodical database. The two grade 6-8 middle schools each have a media specialist and some necessary supporting secretarial/clerical or typist assistance. One of the middle school media specialists is non-tenured. Volunteers are sought to assist at the center, but they rarely stay very long.

The high school media center, located on the second floor, includes a mini-theater. The center has two full-time media specialists and two full-time assistants. The high school library media specialists utilize the collection and integrate all facets into the curriculum. There is a person who operates the photocopy machines for the school and is not a part of the library staff. There are no volunteers to assist the center's staff. Reportedly, nearly 10% of the high school center's books that are used on a regular basis, or those written by or about very popular individuals, are lost annually. Security should be strengthened to curtail the extent of these losses.

The Scotch Plains-Fanwood library/media ADE per pupil costs in 1998-99 were the lowest of the four comparable districts as indicated in the following table:

Education Media Services/ School Library	Scotch Plains Fanwood	Randolph Township	Ridgewood Township	Westfield Township
Salaries	\$353,495	\$411,013	\$952,173	\$809,265
Purchased Prof. & Technical Services	\$5,372	\$0	\$6,427	11,540
Other Purchased Service	\$0	\$0	\$1,164	11,019
Supplies & Materials	\$68,249	\$131,410	\$80,428	\$164,705
Other Objects	\$435	\$0	\$352	\$0
Totals	\$427,551	\$542,423	\$1,040,544	\$996,528
ADE Per Pupil Costs	99\$	\$111	\$205	\$196

*The 1998-99 average daily enrollments for the districts were: Scotch Plains-Fanwood Regional - 4,300, Randolph - 4,883, Ridgewood - 5,072 and Westfield - 5,077 pupils.

All of the library/media centers are relatively spacious in square footage. Each library/media center has a separate budget with line items for library books, periodicals, instructional and non-instructional materials. Elementary school library/media annual budgets ranged from \$6,500 to \$8,300, depending somewhat on student enrollments. The two middle school library/media budgets were about \$8,300 each and the high school library/media budget was \$20,285. Each media center has at least one computer with access to the Internet and a group of computers, ranging from 12 to 25 machines, for student and/or class use. PTA contributions and parental donations of computers, books, etc., have supplemented district budgetary allotments. One concern raised about the stocking of the media centers noted that the budgeted funding only provides less than one book to be purchased per student for the school year.

School PTAs, particularly those in elementary schools, raise funds throughout the school year through various functions. The media centers have successfully applied to the PTA for grant

funds to be utilized for the purchase of additional materials, subscriptions or software. The school PTAs also host semi-annual or annual book fairs to contribute books to the media centers and to raise money to provide enrichment activities, such as visiting authors' presentations.

Recommendations:

District officials should address the issue of security at the high school media center to reduce the reported loss of books and materials.

The school district is commended for maintaining functional and spacious library/media centers at reasonable cost. With budget CAPS, over expenditures for special education, and mid-year budget freezes, the district has not been able to keep up with the rapid changes in instructional technology. A proposed bond referendum for the fall of 2000 includes some monies for technology upgrades and a portion of these funds should be utilized in upgrading the media centers' technology equipment and programs.

The district has maintained for some time a relatively low level of budgeting for library/media books and materials. It would be appropriate to conduct an in-depth evaluation of the program to determine whether budgetary allotments and other resources are adequate to meet the library/media operational needs.

Curriculum Development

The SPF School District uses a cyclical review process to evaluate curriculum and analyze program implementation. Through this systematic approach district staff can revise and adapt programs with consideration of:

- the needs of learners;
- current trends and needs of society;
- the influences of technological advances;
- current developments in each discipline;
- current state and federal standards and guidelines;
- the research of universities and professional organizations; and
- well designed practices in local schools.

The cyclical review process usually spans a five-year period, with assessment of current program the first year, development of a curriculum modification plan the second year, and new materials and/or texts purchased over the next three years. The initial review process is conducted by a curriculum advisory committee composed of eight to 15 members and chaired by the subject/skill supervisor. The committee includes three teachers (representing elementary, middle and high school levels), one building administrator and three or more parents and/or citizens who reflect the diverse constituency of the communities. Ultimately the professional staff is responsible for curriculum development and the final approval is made by the board of education. The results of the cyclical review process are shared with the board of education and public at the May, June or July meeting at the end of the second year of the five year cycle.

The curriculum review cycle is listed in the following table:

SPF Curriculum Review Cycle		
Subject/Skill	1998-99	1999-00
Science	4 th Implementation	5 th Implementation
Special Education*	1 st Assessment	2 nd Renewal Plan
Health/Physical Education	5 th Implementation	1 st Assessment
Family & Consumer Education	5 th Implementation	1 st Assessment
World Language	5 th Implementation	1 st Assessment
Business Education	5 th Implementation	1 st Assessment
Mathematics	1 st Assessment	2 nd Renewal Plan
State/Federal	1 st Assessment	2 nd Renewal Plan
Guidance	1 st Assessment	2 nd Renewal Plan
Technology	1 st Assessment	2 nd Renewal Plan
Social Studies	2 nd Renewal Plan	3 rd Implementation
Fine Arts; Music	2 nd Renewal Plan	3 rd Implementation
Art	5 th Implementation	1 st Assessment
Industrial Technical Education	2 nd Renewal Plan	3 rd Implementation
Language Arts	2 nd Renewal Plan	3 rd Implementation
Library Media	3 rd Implementation	4 th Implementation

*Three-year cycle mandated by state.

Professional Staff Development

In May, 1998, the State Board of Education adopted a plan to require all teaching staff to complete 100 clock hours of continuing education every five years of active service. This requirement took effect in September, 2000 and may be met through a combination of state approved experiences. Local professional development committees are responsible for the planning and implementation of these experiences. To meet this requirement, the agreement with the SPF Education Association states that “starting January 1, 2000, one additional in-service day shall be added to the teachers’ work year.”

The district has placed a substantial amount of emphasis on the development and monitoring of its curriculum in keeping with the philosophy that the curriculum drives instruction. In order for the curriculum to be effectively implemented, the district substantially strengthened its staff development program. Offerings were made available to all staff members. There is information on the district web site of course offerings that can be readily obtained by downloading on the computer. The district’s Professional Development Committee was initiated in the 1998-99 school year and has set forth a very comprehensive and aggressive program for staff development. The district continues to offer tuition reimbursement for taking related college courses.

The SPF School District has an extensive program of professional development activities. In 1998-99 the district had three professional days on September 1-3 for elementary, middle, high school and special education teachers. The district publishes a 23 page booklet entitled “Institute for Professional Development,” which lists and describes the courses and workshops such as:

- Four-MAT System of Teaching and Learning – designed to align teaching methods with the widest possible diversity of learning methods so that teachers can succeed with more students more often.
- Technical Training for Teachers and Administrators - computer word processing, spreadsheets, databases and using multimedia in the curriculum.
- Grade Level Workshops - kindergarten, mathematics, science, assessment and revision of the primary level report card.
- Vision 21 New Teacher Program - designed to provide ongoing training and support to professionals new to the district during their first three years of employment.
- Instructional Technologies Workshops - how to operate a computer, working with CD-ROMs, laser discs, VCRs, camcorders, and using telecommunications and the Internet.
- Staff Wellness - includes a physical assessment of each participant and aerobic exercise on single-station universal machines and exercise bicycles, which promote total body fitness.
- New Jersey Network for Educational Renewal (NJNER) - district accepts Montclair State University pre-service teachers for field placements and student teaching and works with university colleagues and other member districts to effect change and renewal in schools and in teacher education. NJNER offers some consultation and an extensive array of professional development opportunities for selected Clinical Faculty.
- Professional Development Schools Consortium - a collaboration with Fairleigh Dickinson University and urban, suburban and non-public schools and also with significant social service, cultural and business groups. The commitment for pre-service and in-service education is based upon the shared belief that theory and practice are inextricably intertwined.
- Other Schools and Universities - The district also has relationships with Union County Vocational-Technical Schools, Kean University, Caldwell College, Rutgers University, Seton Hall University, New Jersey City University, etc., which offer an extensive array of courses, workshops and conferences on and off campus.

During the district’s spring break in 1999-00, the staff reported for two days of staff development activities. The district also publishes monthly a Vision 21 newsletter to inform staff of upcoming professional growth and grant opportunities.

Athletics and Extracurricular

The NJDOE Comparative Spending Guide compares the per pupil costs of school districts in the state with comparably sized districts (3,501 or more students) and those with like grade structures (K-12). Scotch Plains-Fanwood School District ranked 67th out of the 85 comparable districts in the area of extracurricular per pupil expenditures during the 1998-99 school year. Expenditures noted in this area include costs for district sponsored athletics and co-curricular activities such as

entertainment, publications, clubs, band and orchestra. Stipends for club advisors, fees paid for sports physicals and officials, equipment, and supplies related to these activities are also included.

An additional analysis compares Scotch Plains-Fanwood with three districts that are similar in terms of type, size and socioeconomic factors. The complete comparison is included in a prior section of this review and is also based on information from the NJDOE Comparative Spending Guide. While the district's extracurricular and athletic costs are 25% higher than the average of the 85 K-12 districts utilized in the Comparative Spending Guide, in comparison with the three districts with the same DFG, the district ranks second lowest of the four. Per pupil expenditures rose from \$177 in 1996-97 to \$183 in 1998-99.

Athletics

The district employs one athletic director who is responsible for overseeing the athletic programs at the high school level, as well as the programs offered in the two middle schools. In addition, he serves as the supervisor of the health and physical education department for the district. His responsibilities include the supervision of all teachers in the department, all athletic coaches, and the evaluation process for the listed personnel.

There are a total of 22 different athletic programs offered at Scotch Plains-Fanwood High School. Nine programs are offered for boys, 10 for girls and three, golf, bowling and swimming are coed. For some sports, three levels of teams are maintained, i.e., varsity, junior varsity and freshmen, but for others there are insufficient numbers of participants to warrant three levels. Freshmen teams are offered in football, boys' and girls' basketball, softball and baseball, and cheerleading.

High school participants in athletic programs for the 1998-99 school year totaled 691 (334 girls, 357 boys), or 51% of the high school population. Many of these students participate in more than one sport.

At the middle school level, available sports programs include boys' and girls' basketball and soccer, as well as baseball and softball. These sports are offered at both Park and Terrill. There are also combined programs for wrestling and boys' and girls' track. Nine sports programs are offered at the middle school level. Total participation for both schools during the 1998-99 school year was 293 students, or 31% of the middle school population.

The school district appropriates funds for equipment and required services for athletics through the budget process, with input from the athletic director. Requests for athletic supplies are submitted to the business office, where the items are either purchased under state contract or put out for formal bid.

Certified personnel serving as coaches in the district are paid by stipend per the negotiated agreement between the Scotch Plains-Fanwood Board of Education and the Scotch Plains-

Fanwood Education Association. The current agreement, which covers the time period of July 1, 1998 to June 30, 2001, contains a nine-step guide for athletic coaches and separates stipends by sport.

The following table provides athletic program costs for the past two years:

Category	1997-98	1998-99
Salaries	\$371,684	\$387,045
Purchased Services	\$63,668	\$63,306
Supplies and Materials	\$59,505	\$54,234
Other Objects	\$11,180	\$11,796
Total Athletics	\$506,037	\$516,381

The Scotch Plains-Fanwood School District maintains a well-rounded athletics program at the high school level. Participation in all sports activities appears to be sufficient to warrant continuation.

Extracurricular Activities

The district offers three basic extracurricular activities at the elementary level, intramural softball and baseball, safety patrol, and a web site or Internet club. Individual schools also offer additional activities such as Odyssey of the Mind, drama, story telling, etc. Activities are also provided with teacher participation on a voluntary and unpaid basis.

The two middle schools offer 10 clubs with paid advisors and three activities, which operate with volunteer staffing. Many of the students participate in more than one club, as well as participating in the athletic programs. Total participation in the middle schools for extra-curricular activities during the 1998-99 school year averaged 450 students per school.

One of the most successful clubs offered at the middle school level is the student council, with between 60 and 65 students participating yearly.

Thirty-eight diverse extracurricular clubs are available to the students in the high school. Some of these activities receive little or no district funding, and the students are involved in numerous fund raising activities throughout the school year.

Stipends for extracurricular clubs and activities are also a part of the negotiated agreement, although there are no steps on the guide. Expenditures for extracurricular activities for the past two years are outlined in the following table:

Category	1997-98	1998-99
Salaries	\$137,670	\$161,955
Supplies and Materials	\$26,921	\$24,939
Other Objects	\$627	\$1,882
Total	\$165,218	\$188,776

The district appears to be doing a good job of containing costs associated with its athletics and extracurricular programs, while at the same time providing competitive and rewarding programs for students.

The review team concludes that the district provides competitive and rewarding athletic and extra-curricular programs for students at a reasonable cost.

Community School

The Community School of Scotch Plains-Fanwood replaced the original adult school in 1997. The program offerings, which are for all ages rather than just for adults, now encompass young people's enrichment, educational travel and adult courses, seminars and workshops. The program includes a large number of technology courses and a total of 62 to 68 offerings each semester during the school year. A 13 member Advisory Council was created in 1998-99 to assist the coordinator with ideas for new offerings, resources, teaching talent and program advocacy.

In the Fall of 1998, the SPF Institute for Professional Development was inaugurated. In partnership with both university and corporate entities, the Institute provides a variety of continuing education courses and workshops for school district staff. Some of the institute offerings are open to interested community members on a space-available basis. The staff training, which is one of the responsibilities of the coordinator, does not generate any revenue for the community school.

The Creative Summer Workshops were offered in School One for children and youth on a fee basis of \$120 each in July, 1999. The program had 54 offerings, which included 15 new workshops. Driver education and behind-the-wheel training were provided for age eligible youth from June 28 to July 12 on a fee basis by a private source.

A director, a part-time educational assistant and a half-time secretary operate the community school. The program has about 40 to 50 instructional staff members depending on the number of courses being offered during the session. The creative workshops, held during the summer, usually only require about 18 instructors. The tuition covers expenses, except for the prorated salaries of the coordinator and secretary, which are paid by the district. The administrative assistant who assists in covering evening sites is paid entirely from fees.

The Scotch Plains-Fanwood program does not provide General Equivalency Diploma preparations, which may be obtained through the center in Summit. Persons interested in the offerings of an adult high school program are encouraged to enroll at the Plainfield Adult School, on a space available basis. North Plainfield also offers a similar program and the Westfield School District offers an adult ESL program.

Recommendation:

District officials are commended for being aware of the adult program offerings of surrounding school districts and avoiding some unnecessary duplication of services. District officials should consider additional opportunities for cost savings through cooperative planning and sharing services with neighboring school districts.

BUSINESS OFFICE OPERATION

Purchasing

Analysis of Current Operation

This section analyzes the district's purchasing function. In 1998-99, only about \$7.9 million or 17.6% of the district's \$44.8 million in General Fund expenditures are for purchased items. The majority of the district's expenditures are for salaries (\$28.7 million), health benefits (\$4.0 million), and pension, social security and other employee benefits (\$4.3 million). The district spent the \$7.9 million to purchase textbooks, supplies, equipment, contracted services, heat and electricity and other such items. These types of purchases are the focus of this section.

The review team began the analysis by reviewing the district's purchasing procedures. Written procedures are an efficient way to ensure that staff meet legal requirements, properly complete required forms, and process them in a uniform and timely manner. Although the district follows purchasing requirements, the district does not have comprehensive, written and current purchasing procedures. The new business administrator is aware of this need and has begun efforts to correct it. The team supports the district's efforts to develop purchasing procedures.

Recommendation:

The team recommends that the district develop purchasing procedures that address key aspects of the purchasing process including:

- **Identify when bids are required including advertising, specification, and bid opening procedures. The procedures should note not to use back orders to avoid the bidding process.**
- **Identify when quotations are required including the number of vendors, and the forms that must be completed.**
- **Identify requisition and purchase order processing and approval requirements, including the forms required.**
- **Establish emergency purchasing procedures, including the point that they are not to be used as a result of poor planning or delay in addressing an issue, and**
- **Identify any conflict of interest issues, such as receiving gifts from companies, etc.**

The district processes roughly 5,000 purchase orders per year using an automated purchasing process. In 1998-99, the district began entering requisitions on-line. Each school completes the requisition, approves it on-line, and sends it electronically to the business office for additional

review and approval. The purchasing system is linked to the accounting and budgeting system so that each school can identify on-line how much it has spent in selected areas and the available balance. In fact, the system will prohibit the entering of a purchase order if the account is overdrawn. The district is working to have each school or functional supervisor enter purchase orders on-line for approval.

The district's general purchasing process operates in the following manner. Preparation for purchasing supplies for the next school year begins in late April after the budget is approved. The district gives each school and the major functional areas such as transportation an estimate of the amount of resources it will receive for areas such as instructional and administrative materials, equipment, etc. These amounts are based on the estimated funds available for the next year and/or the anticipated student population. Each functional area submits requisitions to the business office. Around April the business office and superintendent review and approve these requests. They identify bulk orders, and if necessary, the principal's or supervisor's input is requested. Around May the district generates orders or solicits bids to purchase needed items. In July and August, vendors delivered to each school the supplies, which are boxed for each teacher. The proper forms are completed to document that orders are received and the vendors are then paid. A second purchasing process occurs around December for fill-in items that are delivered in January and February.

The district uses various purchasing methods to help ensure a good value for the purchasing dollar. Depending on the item to be purchased, the district uses state contracts or obtains either bids or quotations.

The district uses many state contracts, including teaching supplies, copiers, and school furniture. If the district needs an item that is not available under state contract, or if it believes it can obtain a better value, the district will obtain bids or quotations. Some examples of the items purchased through the bidding process are athletic supplies and transportation routes.

The district sometimes works with other government agencies to try to reduce purchasing costs by establishing cooperative purchasing agreements. For example, the district joined a cooperative to purchase electrical energy. And, it joined the Union County Educational Services Commission to purchase out-of-district transportation for special education students, paper, "Right to Know" services, etc.

The district could save money by expanding its cooperative purchasing to include school supplies. A comparison of state contract prices for typical school supplies (excluding copy paper because the district purchases this cooperatively) with prices from a cooperative program indicates that the cooperative's costs are an average of 27.3% lower. The cooperative charges a fee to participate (approximately 5.5% of the price) but the savings far outweigh the fee. For example, the Scotch Plains-Fanwood School District spent approximately \$311,482 on school supplies in 1998-99, excluding copy paper. Purchasing these items at 27.3% less cost would have resulted in a total cost of approximately \$226,447. Adding the fee (\$12,455) to this amount would increase costs to \$238,902. This is \$72,580 less than the district paid.

Recommendation:

The district should expand its cooperative purchasing effort to include school supplies. A comparison of cost differences on school supplies indicates that the district could reduce costs by \$72,580 per year.

Cost Savings: \$72,500

Surplus Funds

Surplus funds (i.e., unreserved, unallocated fund balances) are included in a district's budget in order to provide funds for emergencies or other items beyond the district's control. Sound financial controls are required to ensure that surplus funds are accurately estimated. Accurate estimates are important because overestimating surplus (i.e., having less than anticipated) can lead to drastic cutbacks in expenditures in order to avoid deficit spending. On the other hand, underestimating surplus (i.e., having more than estimated) could mean that the district raised more taxes than necessary to fund operations. Surplus amounts are created by the interaction of revenues, expenses, and current year surplus.

Accurate estimation of surplus is a function of establishing sound financial planning and control. These controls ensure that the district:

- Develops accurate surplus estimates;
- Monitors accounts to determine that it achieves the revenue and expense estimates in the budget; and
- Takes corrective action when significant deviation from these estimates occurs. For example, if actual expenses start to exceed estimated amounts then expenses may be reduced to avoid deficits.

There are critical aspects of school district revenues, expenditures, and current year surplus that enable school districts to accurately estimate surplus. In terms of revenues, after any state aid issues are resolved, local officials know up to 94% of the amount of revenue the district will receive for the upcoming budget year. Over the past four years (starting in 1995-96), the percentages of the Scotch Plains-Fanwood's revenues that came from the local tax levy and from state aid have ranged from a low of 98.3% in 1995-96 to a high of 99.2% in 1998-99 and 1997-98. Over this time period, the amount of revenue anticipated and actually received was exactly the same for each of the four years. The district's precise knowledge of the amount of revenue it will receive in the next budget year means that the major challenge is controlling expenses.

Approximately 64% of Scotch Plains-Fanwood's expenses are for salaries. Except during contract renewal periods, the district knows salary amounts for all positions in the next budget year either through contracted labor agreements or particular position amounts. Therefore, the district can identify fairly precisely the salary amount needed. Moreover, these estimates are usually higher than that which is ultimately needed because of employee terminations, retirements, and resignations.

The non-salary portion of the budget is somewhat more variable. However, many of these costs can be accurately predicted and accounted for if work is done through contracted service and/or purchase agreements with specific prices or ranges. Also, a capital reserve account can be established annually to set aside funds that coincide with the expected life of major equipment, buses, or building repairs, as authorized by statute (N.J.S.A. 18A:21-1 et. seq.).

In terms of the amount of surplus left over in the current year, annual budgets are resolved in April, when the district estimates anticipated surplus in the current and next school year. At that point the district has had nine months experience to estimate expenditures and revenues for the last three months of the year. These estimates should be quite accurate as three-quarters of the budget has been expended or committed.

The above information indicates that the district can accurately estimate current year surplus, revenues and expenses in the proposed budget year. The variable decision, however, is the amount of funds that should be left as surplus, i.e., unreserved, undesignated fund balance. This amount varies according to the number and extent of items in the budget where costs are variable. In education, some of the more variable items are special education costs, enrollment changes, transportation costs, costs related to facility improvements in older buildings that may not have been anticipated, and any employee contract costs related to negotiations in progress. The amount of surplus to leave in a budget can range from under 2% to 6% of anticipated expenditures.

Surplus Analysis

The district has not been very effective in accurately estimating surplus amounts, although the most recent year shows improvement. This poor record stems largely from inaccurate estimates of current year surplus. For example, in 1997-98 the district estimated no surplus (which was imprudent), but actual surplus turned out to be \$440,595 or 1.1% (see table below). And, in 1996-97 the district estimated surplus to be \$867,521 but actual surplus was zero. In 1998-99, however, the district had a good record in estimating surplus although it was somewhat low. The average estimated and actual surpluses for the four years were 2.5% and 1.7% respectively.

Surplus Estimates and Actual Surplus as a Percent of Total Expenditures

School Year	Surplus Estimate as a Percent of Total Expenditures	Actual Surplus as a Percent of Total Expenditures
1998-99	1.6%	1.2%
1997-98	0.0%	1.1%
1996-97	2.1%	0.0%
1995-96	6.1%	4.6%
Average	2.5%	1.7%

Estimates of expenses and revenues also impact on these surplus amounts. In terms of expenditures, the district estimate was reasonably accurate except for 1995-96, when expenses were underestimated by \$1.4 million or 1.6% (see table below). Except for that year, the differences between the district's estimates and actual amounts were no more than 0.7%. Normally, districts spend less than anticipated, which increases the surplus.

Expense Estimates as a Percent of Original Estimate

School Year	Estimated Expenses	Actual Expenses	Amount of Over (Under) Estimate	Percent Over (Under) Estimate
1998-99	\$41,913,373	\$41,654,633 (*)	\$258,740	0.6%
1997-98	\$40,751,069	\$40,498,810 (*)	\$252,259	0.6%
1996-97	\$41,100,891	\$41,025,813 (*)	\$75,078	0.2%
1995-96	\$39,113,776	\$40,566,478 (*)	\$(1,452,702)	(3.7%)

(*) Excludes TPAF amounts to make comparisons more accurate.

In terms of revenues, the district's estimates were on target. The difference between the estimate and the actual amount was less than 1% for each of the four years reviewed.

Revenue Estimates as a Percent of Original Estimate

School Year	Estimated Revenues	Actual Revenues	Amount of Over (Under) Estimate	Percent Over (Under) Estimate
1998-99	\$41,794,438	\$41,799,462 (*)	\$(5,024)	(0.0%)
1997-98	\$40,204,784	\$40,173,894 (*)	\$30,890	0.1%
1996-97	\$39,028,985	\$39,295,491 (*)	\$(266,506)	(0.7%)
1995-96	\$38,362,999	\$38,597,386 (*)	\$(234,387)	(0.6%)

(*) Excludes TPAF amounts to make comparisons more accurate.

It is clear from the analysis that the district has not been very accurate in estimating surplus, although the most recent year under review shows improvement. This poor record stems mostly from inaccurate estimates of current year surplus. Expenditure and revenue estimates are within acceptable limits, except for expenditure estimates in 1995-96.

Recommendation:

The district should consider strengthening the budgeting process in terms of accurately estimating surplus, particularly current year surplus. Moreover, the district needs to strengthen its financial controls to ensure that the surplus estimates are actually achieved. This will involve close monitoring of expenditures, revenues and surplus. Establishing effective financial controls will enable the district to provide a prudent reserve and minimize the tax burden on local citizens.

Cash Management

Background

This section analyzes the district's management of cash balances. Specifically, the team determines whether or not the district obtains competitive interest rates from banks and operates efficiently, e.g., by monitoring bank fees, maximizing interest earnings and combining or closing small accounts to reduce bank charges.

The analysis of Scotch Plains-Fanwood's cash balances is based on discussions with the BA's administrative assistant who was recently assigned responsibility for cash management. The individual who was previously responsible for this activity retired recently. The team completed a detailed analysis of 12 monthly bank statements for the major bank accounts to identify average daily balance, fees charged, interest paid, if any, and the interest rate. For smaller accounts detailed analysis was completed only for selected months. All our data is for school year 1998-99.

The team determined whether the district could obtain higher interest rates from the bank by comparing the bank's rates to the New Jersey Cash Management Fund (NJCMF) and to the 90-Day US Treasury CD rate. Unlike banks, these funds do not provide banking services and they are not required, as banks are, to keep 10% of their balances on hand. These funds therefore, earn interest on their total balance. In order to make a fair comparison between the rates paid by these funds and bank rates, several adjustments were made. First, that portion of the bank account balance that is used to pay for fees was excluded from the analysis. Second, the remaining balance was reduced by another 10% to account for the bank's reserve requirement.

In cases where no interest amount was earned, different adjustments were required. In these cases, banks did not charge fees and hence there was no offsetting balance, and they did not take the 10% reserve requirement. In order to compare the interest rates on these accounts, we estimated fees based on our experience with banks statewide and reduced the remaining balance by 10% to account for a reserve requirement.

Analysis

In 1998-99, the district maintained an average daily cash balance of \$3.6 million distributed among two banks and one money market fund and \$108,243 in interest was earned on these balances. About 60%, or \$2.2 million of these balances, are maintained in two banks; one serves as the district's main bank. LGBR supports the idea of using two banks. Normally, this practice fosters competition and keeps the district informed of new products in the banking world.

Unfortunately, however, this has not occurred in the Scotch Plains-Fanwood school district. It appears that the district has never received competitive proposals for its banking business. Instead of generating competition, the district simply maintains accounts in two banks. This lack of competition has resulted in an overall low interest rate (detailed later) and a failure to use modern banking products. For example, the district does not group major accounts together.

This would, in addition to enabling higher interest rates, provide the district with monthly statements that clearly identify bank charges and average collected balances. This would enhance the district's ability to manage its cash balances.

Recommendation:

The district should periodically obtain competitive proposals from several banks for its banking business and use modern banking products.

The district maintains \$1.4 million of the \$2.2 million bank balance in the main bank distributed among five different accounts. Three of these accounts earn no interest even though the balances are substantial, ranging from a low of \$231,554 to a high of \$276,065. The other two accounts have balances of \$559,446 and \$41,826 and earn 2% interest. The bank does not charge the district any fees for these accounts.

After adjusting for bank fees, the reserve requirement and comparing the interest earned to 90-Day Treasury Bills and the NJCMF, the review team found that the district could earn an additional \$33,508 in interest from the main bank.

The district has one, low activity checking account in the alternative bank. The average daily balance in this account was \$841,534; the bank paid 3.2% interest and did not charge fees. The comparison of the interest earned on this account with 90-Day CD rate and NJCMF indicates that interest could be increased by \$11,700.

The district maintains \$1.4 million in one money market account. A comparison with Treasury Bills and the NJCMF rates indicate that the district could earn an additional \$6,245 if the district obtained a more competitive interest rate.

In each of these bank accounts (excluding the money market accounts) the team noted the lack of basic information to enable the district to determine whether or not it is receiving a fair interest rate given the bank services provided. For example, the bank statements do not provide the cost of banking services, the balance required to pay for these services, and the average collected balance. However, the main bank started to provide statements, which included the average collected balance in the last two months under review. Without this information the district has not been able to properly manage its cash balances.

In summary, if the district received more competitive interest rates on all of its accounts and properly managed these accounts, the review team calculates that it would generate a total of \$51,000 in additional interest earnings.

Recommendation:

The district should manage cash balances more effectively by receiving monthly statements that show average collected balances, fees charged and the balance required to pay for these charges. In addition, the district should adopt more modern banking methods, such as grouping major accounts under one overall account. Implementing these improvements and receiving competitive proposals for its banking business will enable the district to earn an additional \$51,000 in interest. Operating in a more businesslike fashion will help to ensure that the taxpayers in the Scotch Plains-Fanwood School District obtain effective service for their tax dollars.

Revenue Enhancement: \$51,000

Competitive Grants

Through a competitive grant, the Miles Hodsdon Vernon Foundation funded 24 computers for a prototype classroom of the future in Brunner School. On September 24, 1998, the board adopted

a resolution recognizing the third year additional funding of \$26,500 for the prototype classroom at Brunner. The grant included current technologies, networking resources and staff training.

The district has employed a part-time person to write grants proposals. This action resulted from the recognition that its efforts to secure grant funds, from a variety of sources, was in need of being strengthened. In the 1999-00 school year, reportedly the job's goal of generating increased grant funds was achieved.

While the district actively seeks to aggressively compete for other grant money to enhance its programmatic thrusts, internally staff members are being encouraged and motivated to apply for mini-grants. Annually, after submitted proposals are evaluated, the Mini-Grants Committee awards grants up to \$1,000. The program response for 1999-00 was the best to date with 52 applications being submitted, an increase of 12 over the previous year. Thirty-six of these proposals were funded for a total of \$23,414.42. The annual allocation for this program is \$25,000. The Scotch Plains-Fanwood Education Enrichment Foundation held a reception in March, 2000 to honor the 1999-00 grant recipients and the recipient of the 1999 Service to Education Award.

In January, 2000, the board approved and accepted a grant in the amount of \$25,300 from the Geraldine R. Dodge Foundation to fund a storytelling project in the elementary schools for the 2000-01 school year. District staff also received \$18,610 through 20 Access 2000 Technology grants. The board also accepted \$5,000 for the Education Summit Grant to provide for the integration of Cross-Content Workplace Readiness Standards.

Recommendations:

The district officials should be commended for the increased focus on securing grant money from external sources with the utilization of the time and expertise of a part-time grant proposal writer. In addition, they should be commended for the efforts to stimulate staff interest and input in developing mini-grants to supplement and complement the regular curriculum offerings.

Annual Audit

The team reviewed whether the district receives competitive proposals to complete the annual audit and whether it corrects any deficiencies found in these audits. The district receives competitive proposals about every three years and the audit costs \$17,500.

The review team reviewed three years of audit reports and found that the district does an excellent job in implementing recommended improvements and a good job maintaining proper accounting controls. The typical findings in the district's audits are reflected in the 1998-99 findings. These were:

- Personnel records were inconsistently maintained.
- Fixed asset records were not properly maintained.
- Processing cash receipts in school cafeterias required strengthening.

- Processing cash receipts in the Park and Terrill Middle Schools required stronger controls.
- The number of students shown in the Transported Resident Students Report did not reconcile with the student register.

In each of the three years reviewed all deficiencies identified were corrected. The district is commended for quickly implementing any needed improvements.

INSURANCE

The district pays approximately \$37,000 per year in insurance premiums for property, casualty and miscellaneous insurance. The district works to keep the cost of this insurance low by receiving competitive proposals each year. It also receives proposals for broker services every year.

The review team compared the district's cost, coverage limitations, and deductible amounts with two of the three comparison districts for the 1998-99 school year. Audit data was not available from the other district. The review team found the district's costs to be comparable, although the automobile deductible amount was \$1,000 compared to \$250 for the comparison districts. This higher deductible helps to keep costs down, while the policy minimizes risk to the district.

Recommendation:

The district should continue to receive competitive proposals to reduce the costs of property, casualty, and miscellaneous insurance.

Workers' Compensation Insurance

The district spends roughly \$300,000 per year on workers' compensation insurance coverage. This is significantly higher than the comparison districts. Scotch Plains-Fanwood's cost per employee is \$451, which is \$152 or 50.1% above the \$299 average cost per employee of the comparison districts (see table below). If the district's workers' compensation costs were the same as the average of the three comparison districts, it would be \$98,985 lower.

District	Scotch Plains-Fanwood	Randolph Township	Ridgewood Village	Westfield Township	Three District
County	Union	Morris	Bergen	Union	Average
# Cert. Employees	399	430	434	470	445
# Non-cert. Employees	251	196	187	171	185
# Total Employees*	650	626	621	641	629
Workers' Comp.	\$293,335	\$210,092	\$119,524	\$237,385	\$189,000
Cost/Employee	\$451	\$336	\$192	\$370	\$299

*The number of employees was obtained from the CAFR and is not audited.

Prior to analyzing the reasons for these higher costs it should be noted that the district has important components in place for minimizing the time an injured employee is away from work and for keeping costs low. These include a light duty component, a requirement that injured

employees see the plan's doctor, a utilization review process that monitors the doctor's performance, and a broker who obtains proposals from carriers each year to obtain the best value for the district.

The district's higher workers' compensation costs result from other factors. The district recently (1999-00) corrected some of these, others will take time, and as noted below work needs to begin in one critical area.

One factor that explains these higher costs is the district had two major claims over the past three years and, both are still open. One of these claims cost the district more than \$500,000. The district's higher costs partly reflect payments for these claims. Eventually, these costs should return to normal over time.

The district has a below average experience factor of 1.0, which is another reason for the higher costs. This will improve as the district implements ongoing and further improvements as discussed below.

The third reason for high costs is the limited safety program the district had in place in the buildings and grounds, and custodial functions, where the large majority of accidents and injuries occur. For example, as recently as 1998-99, the district did not have the following systems in place:

- A basic safety system such as lockout, tag-out. This process ensures that equipment is safe to work on and others do not try to use the equipment while it is being worked on. Moreover, the custodians were not even consistently using wet floor signs when they mopped.
- A system to evaluate employee health limitations which impact on work assignments.
- Procedures for confined space entry and exit when maintaining or repairing equipment, and in emergency situations.
- A playground safety program.
- Ongoing and comprehensive annual staff training for asbestos (only two individuals have been trained).
- Clear documentation concerning staff training.

Some of these problems were documented in a PEOSHA report completed in 1999. The district has since complied with the findings in that report.

In addition, the district implemented other improvements and plans to do more. For example, the new vendor responsible for the maintenance, grounds and custodial functions has begun to implement a major safety training program. They recently completed training on confined space entry and exit, asbestos awareness and blood-borne pathogens. This summer there are plans to extend the training to include general safety, machine safety, Right to Know, in-depth asbestos training, fertilizer use, and custodial lifting among others. And there are plans to train custodians on their basic responsibilities every six months.

However, the district needs to do more. The district does not have a safety committee to help prevent accidents. As a result the district does not provide top management support to systematically evaluate accidents and injuries and integrate this information into an effective prevention program. There are individual efforts to accomplish this but these efforts can only have a limited impact without top management support and direction. An effective prevention program requires top management involvement to receive input from, and distribute information to, the various staffs involved including nurses, teachers, aides, managers, administrative staff, as well as the custodian and maintenance and grounds staff. The insurance carrier and the broker could help in designing and maintaining this program.

If the district continues its current efforts to improve safety, establishes an effective safety committee, and implements a strong accident prevention program, it could reduce its workers' compensation costs by at least 20% or \$58,600 and improve productivity. Additional cost reductions could occur in the future.

Recommendation:

The district should establish a safety committee to oversee all activities required in analyzing and preventing accidents and injuries. The committee should meet periodically, evaluate its effectiveness, and include representatives from employee groups. A key administrator (at least the business administrator) should chair the committee. A strong safety program will reduce workers' compensation costs by \$58,600 and also improve staff productivity.

Cost Saving: \$58,600

FACILITIES & OPERATIONS

Overview

The Scotch Plains-Fanwood School District is located in Union County and serves the towns of Scotch Plains and Fanwood. The school district operates a high school, two middle schools for grades 6, 7 & 8, and five elementary schools. The district administrative offices are housed in the Evergreen Elementary School.

The following table describes the district's attributes in terms of buildings and land:

School	Square Footage	Acreage	Date Built	Additions/ Renovations
Brunner Elem.	46,104	10	1961	1973
Coles Elem.	50,850	10	1964	1972
Evergreen Elem.	36,958	10.15	1951	1953, 1960, 1973
McGinn Elem.	47,182	11	1967	1973
School One Elem.	44,328	20*	1974	
Park MS	114,483	20*	1925	1938, 1960, 1973
Terrill MS	97,973	14.16	1965	
SP-F High School	256,876	29.5	1957	1960, 1968
TOTAL	694,754	104.81		

*Shared acreage.

The Scotch Plains-Fanwood School District community and staff members are committed to the improvement of the physical plant and to addressing the increasing enrollment. The planning process has been ongoing since 1994 when the first Enrollment and Facilities Planning Committee issued its report. In 1998-99, a task force review was presented to the board.

Chief among the issues considered by these committees was the aging of the facilities, with both the growth of the district and building safety as major factors. Realizing the limitations of community and staff to properly evaluate the facilities, the board of education commissioned the Thomas Group to identify, prioritize and cost out options addressing the aging infrastructure, as well as the increasing enrollment.

The LGBR team had an opportunity to appraise the Thomas Group facilities evaluation. Utilizing architects, engineers, and landscape architects, the report details the history, condition and needs of each building. The completed evaluation provides the district with a comprehensive tool that will be valuable for the immediate needs of the district and long-range planning as well.

In addition to the Thomas Group study, the district approached a maintenance management company and requested a five-year maintenance plan for the district. This plan addresses the structural needs of the buildings and areas identified as safety concerns.

The acceptance of these reports was followed by a community survey to attempt to determine the direction that the taxpayers envisioned for the schools.

In February, 2000, the Superintendent's Facilities Recommendation was presented to the board and community. This recommendation, approved by the board, includes additions to the Terrill Middle School, a reorganization of the grade structure within the district and changes in the current attendance areas.

Maintenance Operations

The maintenance department has undergone significant changes from the review year 1998-99 to the 1999-00 school year. With the retirement of a director of buildings and grounds who had been with the district for many years, the district contracted management services from a maintenance management company. This vendor currently provides both a director and a custodial supervisor. The director is responsible for the scheduling of work, budgeting processes, supervision of staff, work order procedures, and in-house construction projects. Purchasing is primarily a clerical function, although the director has oversight responsibilities. Under the management contract, the vendor supplies the district with janitorial supplies and custodial cleaning equipment.

The district retained eight general maintenance workers, a five-member grounds crew and the custodial staff.

The impact of a well-managed team of maintenance workers is in cost avoidance. Below are examples of how this can influence budget costs:

- In-house staff utilized for small construction or repair projects can often be more efficient due to the lower per hour labor rate, avoidance of a “travel time” cost, and the ability to purchase materials at a lower cost.
- Safety issues or hazardous conditions can be dealt with quickly. This not only relieves the district of potential liabilities but can also reduce the cost of insurance premiums.
- Cyclical maintenance and preventive maintenance performed by in-house trades substantially reduce the need for major repairs and increase the life expectancy of equipment.
- The availability of in-district trades translates into efficient control of repairs by scheduling work around classes or after hours when contractors may not be available or the cost of the services increased.
- Repairs are not deferred, thereby avoiding the possibility of more extensive and expensive projects created by delay.

In addition, members of the district maintenance staff, along with building custodians, are able to detect deficiencies on a day-to-day basis, thereby allowing for earlier resolution to problems.

As stated above, the Scotch Plains-Fanwood School District does not employ tradesmen or skilled craftsmen. The maintenance staff is only comprised of general maintenance workers, requiring the director to contract out the majority of projects and trade-specific repairs. An examination of work request reports for a five-month period beginning in September of 1999 revealed a number of electrical and plumbing repairs that could have been assigned to licensed tradesmen were they available on staff. A large portion of the tasks performed by the in-district staff involved door or lock repairs and replacement; chalkboard, ballast and ceiling tile replacements; and pick up and delivery of school equipment.

Cost of Operations

One of the tools utilized in the review process is the NJDOE Comparative Spending Guide. This guide compares the per pupil costs of school districts in the state with comparably sized districts (3,501 or more students) and those with like grade structures (K-12). Utilizing data for the three most recent years, the Scotch Plains-Fanwood School District's three-year average cost per student for operations and maintenance of plant ranked 67.7 out of the 91 districts in the group. Salaries and benefits for operations and maintenance of plant ranked 77.3.

An additional analysis compares Scotch Plains-Fanwood with three districts that are similar in terms of type, size and socioeconomic factors. The complete comparison is included in a separate section of this review and is also based on information from the NJDOE Comparative Spending Guide. The school districts that were used for detailed comparison with the Scotch Plains-Fanwood district are Randolph Township, Ridgewood and Westfield.

Based on the comparison of per pupil expenditures for selected cost factors for the 1998-99 school year for the four districts, Scotch Plains-Fanwood's per pupil costs for operations and maintenance of plant were 21.3% above average, and 16.9% above average for salaries and benefits for operations and maintenance of plant.

An additional tool used in the review process for identifying potential cost savings in the area of operational costs within the school district includes the following:

1. Perform a square footage analysis for the district and compare the cost per square foot against regional benchmarks. (For regional benchmarking, the review team utilizes the *American School and University [ASU]*, a national publication for facilities, purchasing and business administration. The *ASU* performs annual maintenance and operations surveys of school districts around the country. It provides reports on the cost to operate schools [including payroll, outside contract labor, gas, electricity, heating fuel, equipment and supplies, etc.] on a regional level. Region 2 includes New York and New Jersey).
2. Identify and analyze budget lines and accounts that appear to be high in relationship to regional benchmarks.
3. Provide areas for cost savings based upon "best practices" (programs and/or efficiencies identified in other school districts or municipalities that may be applicable in the district of review).

The following table summarizes the Scotch Plains-Fanwood School District's cleaning, maintenance, grounds and utility costs per square foot for the 1998-99 school year and compares these costs to the *ASU* regional average cost:

CATEGORY	EXPENSE (\$)	EXPENSE (\$) SF	EXPENSE (\$) SF
	SCOTCH PLAINS-FANWOOD	SCOTCH PLAINS-FANWOOD	OCT 99 ASU
CLEANING			
Salaries	\$1,302,835	\$1.76	\$1.70
Overtime	191,150	0.26	0.00
Supplies	88,000	0.12	0.00
Contracts			
Subtotal - Cleaning	\$1,581,985	\$2.14	\$1.70
MAINTENANCE			
Salaries	\$393,613	\$0.53	\$0.41
Overtime	44,010	0.06	0.00
Supplies	210,273	0.28	0.20
Contracts	540,277	0.73	0.25
Misc.	116,932	0.16	0.05
Subtotal - Maintenance	\$1,305,105	\$1.76	\$0.91
Total Cleaning & Maintenance	\$2,887,090	\$3.90	\$2.61

GROUNDS			
Salaries	\$174,240	\$0.24	\$0.21
Overtime	13,205	0.02	0.00
Supplies	22,034	0.03	0.09
Contracts	575	0.00	0.03
Subtotal- Grounds	\$210,054	\$0.28	\$0.33
UTILITIES			
Natural Gas	\$331,200	\$0.45	\$0.31
Electric	430,462	0.58	0.68
Water/Sewer	33,437	0.05	0.23
Other Fuel	5,566	0.01	0.24
Subtotal- Utilities	\$800,665	\$1.08	\$1.46
Total Grounds and Utilities	\$1,010,719	\$1.37	\$1.79

Total Maintenance & Operations	\$3,897,809	\$5.27	\$4.40
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INSURANCE	\$37,489	\$0.05	\$0.12
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GRAND TOTAL	\$3,935,298	\$5.32	\$4.52
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Source: 1998-99 Comprehensive Annual Financial Report (CAFR).

In each of these analyses, the Scotch Plains-Fanwood School District total operational costs were higher than the *ASU* benchmark cost.

Custodial Operations

As stated above, the management vendor provides a custodial supervisor with responsibility for oversight of the custodial staff. The Scotch Plains-Fanwood School District employs 43 custodians to provide cleaning and light maintenance in nine facilities.

Maintenance, custodial and grounds personnel are represented by the International Brotherhood of Teamsters in a negotiated agreement with the Scotch Plains-Fanwood Board of Education.

During the review process, LGBR identifies custodial staffing needs utilizing an objective, quantitative, multi-step process based upon the size and use of the facility. The process entails:

- Reviewing any existing district work and time standards, if any, for the various cleaning tasks within the school facility.
- Reviewing the custodial labor contracts to determine the number of man-hours within a negotiated workday and then reducing the workday by an off-task time allowance factor of 25%. Off-task time is defined as scheduled work breaks, interruptions, emergencies, etc.
- Obtaining floor plans of the facilities and inserting task data into the following matrix adopted from “*The Custodial Staffing Guidelines for Educational Facilities*” published by the Association of Higher Education Facilities Officers and “*Good School Maintenance*” published by the Illinois Association of School Boards to determine the total cleaning time for each facility.

TYPICAL SCHOOL AREAS	AVERAGE SIZE SQ. FT.	CLEANING TIME IN MINUTES
Cafeteria	10,000	150
Classrooms	1,200	15
Corridors	1,000	5
Entrances	112	5
Gymnasiums	10,000	45
Laboratories	324	20
Libraries/Music Rooms	15,000	30
Locker Rooms	1,960	25
Offices	1,200	8
Offices with Carpet	1,200	12
Restrooms	150	20
Shops/Art/Home Economics	1,200	30
Stairways	Per Flight	8
Teachers’ Lounges/Cafe	1,200	20
Auditorium	10,000	150
Multipurpose/Gym/Cafe	10,000	210
Multipurpose	2,400	40

*Note: The average standard can be adjusted to reflect actual sq. ft. proportional to the standard sq. ft. for an activity.

- Divide this total of minutes by the total man-hour minutes available (after adjusting by the off task time factor). The result is the headcount needed to clean the facility.
- Compare actual and computed employee counts to determine if any staffing adjustments can be recommended.

The review team completed the above analysis for the Scotch Plains-Fanwood Township School District to determine the staffing required to perform night cleaning and to establish daytime requirements for basic (statutory) boiler maintenance and porter services.

Utilizing this method of analysis, the district falls slightly under the recommended staffing level with a total of 43 custodians.

The summary of custodial expenditures compared to the ASU standard demonstrated that the salary costs were close to the average, however overtime and supply costs were high.

Recommendations:

In order to decrease overtime expended in covering off-hour use of the facilities, district officials should consider negotiating a Tuesday through Saturday shift for custodians at the high school and the two middle schools. The review team assumed that 20% of the regular overtime would continue to be necessary under this proposal. The cost savings are identified under the Collective Bargaining section of this report.

Custodial supplies and equipment are provided under the 1999-00 contract with the maintenance management vendor. LGBR recommends that the district monitor the quality of the products and the cost associated within the contract.

Maintenance expenditures were higher in each of the comparative analyses. Budgeting practices in the district prior to the 1999-00 school year did not follow CEIFA (Comprehensive Educational Improvement and Financing Act of 1996) guidelines, therefore making it difficult to classify expenses. In general, purchased, professional and repair services, as well as miscellaneous expenses, were \$.48 higher per square foot than the ASU standard.

Maintenance overtime was an additional factor contributing to the disproportionate costs for operations in the district.

The amount of overtime monies expended by the district could be decreased by an estimated 60% by the assignment of two general maintenance workers to a Tuesday through Saturday shift. The potential cost savings are identified in the Collective Bargaining section of this report.

LGBR recommends that two of the general maintenance workers be replaced through attrition with a licensed electrician and a licensed plumber. This will allow the district

greater flexibility in scheduling repairs, and will save monies on small projects. It is estimated that adding two licensed tradesmen will cost an additional \$11,000 in salaries over that saved by the elimination of the two general maintenance positions.

Value Added Expense: \$11,000

Grounds

The district employs a total of five grounds maintenance personnel, whose duties are varied, dependent upon weather conditions and seasons of the year. During the spring and fall, the grounds staff is responsible for maintaining the landscaping, grass, fields and shrubbery throughout the district. In the fall and winter, the grounds staff perform duties such as plowing snow, moving equipment and supplies, and assisting the general maintenance personnel. In addition, the grounds crew install and maintain sidewalks and driveways, provide excavation for piping projects and erect and maintain playground equipment.

The school district owns property totaling approximately 105 acres, which corresponds to 20 acres per grounds person. This is below the industry standard of 25 acres per grounds person, but does not appear significant based on the construction projects performed by this team.

The school grounds and athletic fields are well-maintained, and the applicable expenditures for the services performed are below ASU standards.

Vehicle Maintenance and Repairs

The district utilizes private garages and service groups to do vehicle repair for all maintenance, grounds and transportation vehicles. The district distributes work among several vendors, and costs were at or below average for both parts and service based on industry standards for this work.

Energy

Based on the ASU comparative data survey, Scotch Plains-Fanwood expends approximately \$.42 less per square foot for energy than participating school districts. However, the district is involved in a lease program with a vendor to upgrade lighting and provide energy management services. The amount of this lease and lighting upgrade is budgeted in both the business office accounts and the maintenance accounts.

During interviews with school building staff, general dissatisfaction was expressed with the quality of the lighting product supplied under this contract. During the review team visitations, the lighting in the classrooms and hallways often appeared to be below recommended levels.

Recommendation:

LGBR recommends that the school district continue to monitor the vendor contract to assure that there continues to be savings. An examination of illumination levels should also be included in safety inspections.

TRANSPORTATION

The safe and efficient transportation of New Jersey's public and private school students has received increasing attention from the media, state and local officials and taxpaying residents due to the escalating costs. The review process will examine the level of service provided to the students in the district as well as the costs of such services.

State aid is provided to qualifying school districts under the provisions of State Statute 18A:39-1 through 25 which stipulates that elementary school pupils who live more than two miles from their public school or secondary pupils who live more than two and one half miles from their public school are entitled to transportation to and from school. In addition, the statute grants students attending a remote school other than a public school, operated not for profit, located not more than 20 miles from the pupil's residence, transportation within the requirements of the New Jersey Administrative Code, Title 6:21-2 et. seq. The cost of non-public transportation is limited by statute to a stated yearly amount (1997-98, \$675/1998-99, \$702/1999-00, \$707). If transportation cannot be provided for this amount or less, parents are reimbursed the legislated amount.

There are several terms utilized to differentiate between students whose transportation to and from school is an expense recognized as necessary and therefore qualifying for state aid and those students whose services are provided for reasons of safety or other local conditions or policies. Students who reside a qualifying distance from the school are said to live "remote from the school house" or are termed "eligible" referring to state aid requirements.

"Courtesy" busing is defined as transportation of students who reside two miles or less from the school for elementary grades and two and one half miles or less for the secondary grades. Under state guidelines, this transportation is unaided if provided. The term "courtesy" busing is used interchangeably with "safety" busing, "hazardous" busing and "ineligible" students, again referring to state aid qualifications.

The Scotch Plains-Fanwood School District is a kindergarten through 12th grade district, which includes the Borough of Fanwood and the Township of Scotch Plains.

District Operations

The district transportation department consists of a transportation secretary and six bus drivers. Management and supervision are the responsibilities of an administrative assistant to the business administrator. There are three 20-passenger vans, one 34-passenger and two 54-passenger buses ranging in age from five to eight years old. Services for regular to and from transportation are provided by both contracted services and in-district operations. Special education routes are bid by the Union County Special Services School District. Scotch Plains-Fanwood staff do the bidding for non-public bus routes.

Two of the district bus drivers are 12-month employees and are contracted at eight hours per day. One driver is a 10-month employee contracted for eight hours per day. The remaining three drivers are six hour per day, 10-month per year employees. The six drivers are assigned to

regular to and from routes daily, as well as in-district mail runs and extra-curricular field trip assignments. Athletic trips are driven by district staff when the trips are scheduled after routes have been completed or on weekends.

During interviews, the subject of the driver's daily activities was discussed. The question from the review team concerned the need for eight-hour a day bus drivers. It was explained that the drivers are utilized for field trips in the middle of the day, and that they are assigned to various schools on designated days. [One of the district principals, when asked about the cost of field trips stated that there was no cost as "we use district buses'.] The three drivers that are contracted for six hours a day are assigned kindergarten routes at midday.

In an examination of several months of assignments, days were found each week when one or more drivers had no trips in the middle of the day. It is accepted that field trips are fewer in the beginning of the school year and increase in number after April. It was also noted that on days when drivers had no midday trip assignments, athletic work was assigned in the afternoon that added to the total overtime.

Recommendations:

District officials should consider negotiating amendments to the contracts with the bus drivers so that only those hours worked on routes are contracted. Additional work such as field trips should be paid by time sheet. This would save district dollars on those days when there was no need for trip drivers, and would also allow the district to accurately track costs for field trips and athletic costs.

If each of the three eight-hour employees were contracted for five hours, and it is estimated that one driver is free from a midday assignment three days out of each week, a conservative estimate of savings would be \$4,680. There would be additional savings as athletic trips after school runs would not necessarily be overtime. If two, three-hour athletic trips per week were done at regular driver rates, approximately \$1,500 would be saved. These potential cost savings are reported in the section on Collective Bargaining.

An additional recommendation that the two 12-month employees be contracted for 10 months, and that the summer work be done on a timesheet basis, would save added monies. Utilizing the drivers for summer routes, estimated at 20 days for four hours per day at \$15 per hour, the total cost for two drivers would be \$2,400. The per month cost for the two drivers is estimated at \$5,050. The respective potential savings are reported in the Collective Bargaining section of this report.

District officials should consider negotiating the elimination of paid holidays and vacations for bus drivers, thus reducing the contracted year for drivers to 183 days, a statewide average. This reduction would reduce the costs of 13 holidays and a total of 64 paid vacation days. Since this matter must be negotiated, potential savings of \$48,510 are recorded in the section on Collective Bargaining.

Transportation To and From School

Routes for regular to and from transportation in Scotch Plains-Fanwood are contracted to private vendors, as well as handled by in-district staff and vehicles. There are several factors that have a direct effect on pupil transportation costs in the district:

1. Board Policies

The Scotch Plains-Fanwood Board of Education has established both transportation and racial balance policies. The policy related to students qualifying for transportation follows the state guidelines as described in the first section of this review with the exception of two hazardous areas that are clearly defined. In addition, policy requires that transportation be provided for all medically and physically disabled students upon certification from a physician. Classified students identified by their IEP (Individualized Educational Profile) are also bused. Students are also bused to maintain racial balance within the elementary and middle school population in the district.

2. Geographic Considerations

The school district encompasses the busy Township of Scotch Plains and the Borough of Fanwood. Main arteries criss-cross the district with a portion edging state highway #22. Traffic is a routing consideration both morning and afternoon, as the number of cars on the roads slows bus traffic.

3. Personnel Limitations

There is no position of transportation supervisor in the district. The administrative assistant to the business administrator is responsible for supervision and management. Neither the administrative assistant nor the transportation secretary has training or experience in pupil transportation. The administrative assistant has been in the district less than two years.

While experience and certification are not pre-requisites for the positions held in Scotch Plains-Fanwood, problems with high costs and in efficient tiering of routes can, in part, be linked to a lack of expertise in the transportation office. Insufficient support, training and monitoring of pupil transportation on the state level is also a factor.

4. Negotiated Agreement

The Scotch Plains-Fanwood bus drivers are members of the International Brotherhood of Teamsters, as are the maintenance and custodial staff. At the time of this review, the contract had expired on December 31, 1998 and had yet to be resolved. Both sides are abiding by the conditions as stated in the expired agreement. This review will deal with the contract as previously agreed.

5. Bell Schedules

One of the keys to successfully preparing efficient bus routes is the “tiering” of bus runs as described below. However, tiers cannot be developed if the bell schedules in the district are not sufficiently spaced to allow buses to pick up a full load of students in between trips to the schools.

Transportation efficiency in a public school district can be defined as ‘equal or improved services for fewer dollars’. The strategy of “tiering” bus routes and bidding the tier as separate or combined packages is one of the methods utilized to increase efficiency and save transportation monies. When runs are combined or tiered, each vehicle is assigned to a group of runs, thereby utilizing the vehicle for as many hours during the day as possible without compromising instructional time. The basic principal of this efficiency is:

Yearly vehicle operational costs, i.e., lease or amortized cost, repair parts and labor, and insurance expense are stable, regardless of how many trips the vehicle is assigned to during the course of the year (excluding fuel, driver salaries, benefits, etc.).

When these operational costs are applied to Vehicle A for Year 1 at \$15,000 and that vehicle is only assigned to an elementary school run throughout the school year, then the operational costs for that bus run are \$15,000. Assuming that the bus was a 54-passenger vehicle and that it held a full student load, the operational per pupil cost would be \$277.78. The same vehicle assigned to runs for a high school, middle school and elementary school in the morning and afternoon produces a per run cost of \$5,000 or \$92.60 per pupil.

The routes assigned to district drivers and those contracted to private vendors in Scotch Plains-Fanwood are tiered, although additional layers would yield greater efficiencies. The impediment is the bell schedule as currently set up in the district. With only five minutes separating the starting and ending times of the elementary and middle schools, a high school route can be tiered with one or the other but not both. Attempts have been made to reduce costs by adding a non-public school to the tiers.

Recommendation:

District officials should consider altering the bell schedules to allow for additional tiering. A conservative estimate of four runs could be added to existing tiers. An industry standard of \$9,000 per added tier would be saved for a total of \$36,000.

Cost Savings: \$36,000

Courtesy Busing

Courtesy busing is defined as transportation provided for students who do not meet the state profile for eligible students to and from school. As stated earlier in this review section, pupil transportation is governed by statute and school districts are provided with state aid for students who reside “remote” from the school.

Districts that transport students who live “less than remote”, or closer than the aided distances, are said to be providing courtesy busing. The districts which refer to this busing as “safety” or “hazardous” busing make the argument that a lack of sidewalks and/or busy roadways make it unsafe for students to walk to and from school. Of the 694 public school students transported during the 1998-99 school year, 199 were courtesy students.

LGBR recognizes the futility of recommending the abolition of courtesy busing, particularly in a district such as Scotch Plains-Fanwood where the schools are located in high traffic areas and the board has adequate policies in place.

Extracurricular Transportation

The costs associated with extracurricular and athletic transportation provided by in-district staff is discussed in a previous part of this section. However, additional funds for these trips are expended on vendor-provided transportation.

The district does not differentiate within the budget between costs for field trips and those associated with athletics, making it difficult to analyze these expenditures. The total expended for transportation other than to and from school was \$80,000 in 1998-99.

Non-Public Transportation

Students attending private or non-public schools are entitled to transportation under the same statute and guidelines that govern public school student transportation. Elementary school pupils who live more than two miles from their school or secondary pupils who live more than two and one half miles from their school are entitled to state aided transportation. However, such transportation must meet other requirements. One of these requirements limits the cost of transportation for non-public students to a mandated amount, which is determined by the State each year. When the costs of transportation exceed this amount, the district must reimburse the parents for providing their own transportation to and from the non-public school. The amount of the reimbursement to parents is restricted to the statutory amount.

In addition, parents requesting non-public transportation for their children must file applications with the district by set deadlines, meet distance requirements, and have their children enrolled in a not for profit non-public school.

During the year of review (1998-99), Scotch Plains-Fanwood provided transportation to 125 non-public students and paid aid-in-lieu of transportation to the parents of 355 students.

Recommendation:

District officials should consider submitting the applications for non-public transportation to the Union County Educational Services Commission. By utilizing the commission, routes for additional students could be provided through combining students from adjoining districts. If two additional routes could be provided for 80 students, based on the current costs for non-public routes, the estimated savings would be the difference between the contract cost and the cost of aid-in-lieu transportation payments to parents. The review team calculates the average contract cost of \$18,000 per bus times two buses and divided by 80 students equals \$450 per student. By subtracting this amount from the \$702 aid-in-lieu transportation payment for 1998-99, the district would save \$252 per student or \$20,160 for the 80 students.

Cost Savings: \$20,000

Special Needs Transportation

Transportation for special education students in the Scotch Plains-Fanwood School District is provided through a joint agreement with the Union County Educational Services Commission. The utilization of commissions and cooperatives is recommended as sources of efficiencies. Specializing in combining the needs of several districts into cost-effective routes, the role of these consortiums in pupil transportation in the state has grown tremendously. These commissions or cooperatives generate route packages, write specifications and handle the bid process. Management fees are charged based on the total cost of the routes. Management fees vary from commission to commission, with some fees as high as 7%. Management fees for route services through the Union County Educational Services Commission are 4%.

Just as privatization should not always be viewed as a quick fix for all district transportation problems, cooperative services are not always the most cost-effective method for attaining routes. In order for both of these to be effective, care must be taken in both the presentation of the information and supervision of the final product.

Route costs for transportation through the commission during the 1998-99 school year ranged from \$2,469 to \$35,321 per route with a total cost of \$515,938. While a cost of \$335,149 for special education transportation was reported on the October 15, 1998 District Report of Transported Resident Students, the actual cost of special education transportation for 1998-99, as reported on the Comparative Statement of Revenues, Expenditures and Changes, was \$515,938 or an increase of 54%.

Recommendation:

District officials should consider the following actions pertaining to special education route costs:

- 1. Require additional route detail on monthly invoices such as: total number of students on route; number of students from each district; route costs per district, etc.**
- 2. Review the route specifications prior to bid.**
- 3. Review the bid summary for actual route costs.**
- 4. Develop route specifications for comparison purposes if costs through the commission continue to rise.**

Financial Reporting-Transportation

One of the tools utilized to perform a comprehensive review of a school district's transportation operation and the associated costs is the District Report of Transported Resident Students (DRTRS). This report is completed by the district in conjunction with the Application for School State Aid (ASSA) and is the criteria utilized for determining transportation aid for a district. Based on the reported number of students transported and the distances to and from school, districts receive proportional amounts of their transportation costs in state aid. The allotted amount, however, is predicated upon accurate reporting of students.

Scotch Plains-Fanwood under-reported the students transported, the bus routes utilized, and the contract costs for the routes in each of the three review years (1997-98, 1998-99 and 1999-00). Without performing a complete audit of all facets of the district's DRTRS for the review years, an estimate of aid loss was made by the team.

Given the fact that contract costs were under-reported in 1997-98 by an average of \$200,000, with \$190,000 in 1998-99, and \$210,000 in 1999-00, it is estimated that the district has lost an average of \$140,000 per year. This is based on the fact that the district historically receives 70% of reported transportation expenses in state aid. This estimate may in fact be low, as errors found in both the 1998-99 and 1999-00 DRTRS were in the area of special education transportation, which is weighted higher by the Department of Education and therefore receives a greater percentage of available dollars.

Recommendation:

LGBR recommends that the district review the methods used in the collection and reporting of data for the District Report of Transported Resident Students, and that all information be cross-checked with class registers and actual bus rosters.

Revenue Enhancement: \$140,000

FOOD SERVICE

The LGBR review of the district's food service program was conducted based on interviews with the food service director and other personnel, observational visits to the kitchens and cafeterias, and an analysis of various documents pertaining to the food service operation. Financial records, as reported in the Comprehensive Annual Financial Report (CAFR), were analyzed for the 1998-99 school year.

According to CEIFA (Comprehensive Educational Improvement and Financing Act of 1996) and budget guidelines, if a district received state and/or federal reimbursement for food service costs, or collects fees from students for the cost of meals, all activity must be recorded in a separate enterprise fund and may not be contained within the general fund of the budget. A contribution made by the board toward the food service operation is reported as a lump sum contribution transferred to cover any deficits. These contributions should not be included in other areas of the budget. If the board funds the full cost of the operation, i.e., meals are not sold and there are no federal or state reimbursements, expenditures are reported in the general fund.

The Scotch Plains-Fanwood School District receives state and federal reimbursements and collects fees from students for meals. Therefore, the district should report the entire food service operation in the enterprise fund. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to a private business enterprise with the intent that the costs of providing goods or services be financed through user charges.

Food service has been privatized in the school district for several years. The current food service vendor was awarded the contract in 1998-99 after the previous vendor went out of business.

The district maintains eight kitchens, five of which are satellite kitchens and three of which are production kitchens. The satellite kitchens are located at each of the elementary schools, and the production kitchens are in the high school and two middle schools. Lunches are transported to the elementary schools by a district employee who is also responsible for the delivery of supplies and materials necessary for maintaining the satellite services.

The private vendor serves lunches for the high school, two middle schools and five elementary schools as well as providing services for special events throughout the district. The school district employs 10 cafeteria workers as well as a part-time bookkeeper. The private vendor supplements the district employed cafeteria staff with a food service manager and 10 additional workers.

All salary and benefit expenditures for the district employees are correctly charged to the Enterprise Fund account. In addition, the costs of operating a vehicle for the delivery of lunches to the satellite kitchens are appropriately recorded.

Operating Income and Expenses

	1997-98	1998-99
Operating Revenues:		
Daily Sales	\$492,843	\$534,746
Total Operating Revenue	\$492,843	\$534,746
Operating Expenses:		
Salaries and Employee Benefits	\$256,493	\$270,281
Supplies and Other	\$58,961	\$91,375
Cost of Sales	\$233,437	\$244,379
Total Operating Expense	\$548,891	\$606,035
Operating Income (Loss)	(\$56,048)	(\$71,287)
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	\$5,241	\$5,131
Federal Sources:		
National School Lunch Program	\$48,865	\$47,429
U.S.D.A. Commodities	\$10,740	\$11,243
Special Milk Program	\$3,041	\$3,290
Interest Earned	\$530	\$373
Total Non-Operating Revenues	\$68,417	\$67,466
Net Income	\$12,369	(\$3,821)
Retained Earning (Deficit) July 1	(\$20,426)	(\$8,057)
Retained Earning (Deficit) June 30	(\$8,057)	(\$11,878)

As shown above, the food service operation has required supplemental monies from the district for the past two years. The 1997-98 deficit is the responsibility of the previous contractor. In 1998-99, there were additional startup fees required for the new vendor.

In the first five months of school year 1999-00, the food service operation increased monthly sales by \$150 per month. The increase is a result of several enhancements in service that are bringing more students into the cafeterias. One of these innovations is a partnership with Ritter Foods, which allows for greater variation in the foods served. Interviews with staff and students verified that the quality of the food had improved under the new company, and that the added selections were an inducement to purchase lunches.

The Auditor's Management Report for the 1998-99 school year found that there was a lack of control on actual student receipts. The day's sales were being recorded by the amount of money deposited with verification from the cash register tapes. The district and vendor have implemented the recommendation that numbered cash register summary tapes be attached to the daily receipts to verify sales. The district-employed bookkeeper confirms supply deliveries and inventories.

Recommendation:

District officials should monitor the food service company to assure positive movement toward profits. When it is no longer necessary to contribute district funds to the operation, it is recommended that the district require that the program generate excess funds to pay for equipment replacement and improvement.

BOARD OF EDUCATION

Policies & Procedures

The Scotch Plains-Fanwood Regional School District is governed by an elected board of education composed of nine members with seven elected from Scotch Plains and two elected from Fanwood. The board of education members serve staggered three-year terms. The board holds an agenda setting meeting in preparation for the regular monthly public meeting. The board president in consultation with the vice-president, superintendent and board secretary determines which items are presented at the agenda setting meeting. An individual board member at the agenda setting meeting can request that additional items be added to the agenda. The president decides such requests, which are subject to change by vote of the board.

The only permanent board committee is the Policy Committee, which consists of two to four members appointed by the president. Board committees make recommendations to the board and no committee is empowered to take any action without specific board approval. A member of the board has authority only when the board is legally in session. The board president also appoints temporary board committee membership. Upon completion of the specific task for which the committee was appointed, the committee is dissolved.

Adoption of a policy requires an affirmative vote on two readings by a majority of the board members present. Policy states that the board believes that its primary function is to develop policies under which the superintendent and his/her staff of the school system will operate.

The superintendent, as chief administrative officer of the school system, manages the various phases of the complete school program without interference, providing all policies are administered properly and efficiently. Further, it is the duty of the superintendent to enforce complete adherence to the board's policies by all employees of the system and to keep the board fully informed about all school operations. The superintendent is entitled to attend all meetings of the board and its committees.

The review team interviewed all board members and central office administrators and attended several board meetings. Board members expressed serious commitment to provide good quality education at a reasonable expense.

Member Expenses

Board member expenses for conferences, conventions, etc., appeared to be reasonable. The superintendent received payments or reimbursements for over \$12,000 in 1998-99. Some of the reimbursements, which were documented by receipts, were for group activities where she "picked up the tab." According to business office records, the superintendent's contract provides for annual flat payments of \$2,000 for telephone expenses and \$3,700 for auto expenses. At the IRS reimbursement rate, \$3,700 equates to 11,000 miles of work-related travel per year. Further comments on annual fixed travel payments are contained in the section on Collective Bargaining, Administrative Agreement.

Recommendation:

In future contract negotiation, district officials may wish to consider reimbursement based upon mileage and receipts rather than a lump sum payment for telephone and auto expenses.

Legal Expenses

General Administration	Scotch Plains/ Fanwood Reg.	Randolph Township	Ridgewood Township	Town of Westfield
CEIFA function 230	Union Co.	Morris Co.	Bergen Co.	Union Co.
Legal service	\$66,647	\$88,935	\$146,854	\$66,648

The Scotch Plains-Fanwood payments for legal services in 1998-99 were either equal to or less than the three comparison districts.

III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally through a well-conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason we present those issues subject to collective bargaining agreements separately in this section. **Review team analysis and recommendations are presented in bold type in the following paragraphs.**

EDUCATION ASSOCIATION

The Agreement with the Scotch Plains-Fanwood Education Association (SPFEA), effective 1998-01, covers all certificated teaching personnel, including nurses, lunch/general aides, instructional aides, and all secretaries, clerical personnel, bookkeepers, office assistants, data processors and telephone operators, but excludes five confidential secretaries. The 50-page document contains 20 articles and 26 related specific terms and conditions in the appendix.

Sick Leave

All 10-month contractual employees are entitled to 10 days of sick leave in a school year. Those employed with 11 or 12-month contracts are entitled to 11 or 12 sick leave days, respectively. The sick leave days are cumulative in accordance with statute.

Sick Leave Bank

Any qualified teacher may participate in the sick leave bank on a voluntary basis. The district deposited an original donation of 50 days with the requirement that the association deposit at least an equal number of days. Administration of the bank is the responsibility of the association.

Unused Leave Compensation

Employees who terminate employment with at least 10 years of qualified service in either the TPAF or PERS and who will be eligible to receive either pension are entitled to receive compensation for accumulated sick leave days and accumulated unused personal days as specified:

- Teachers @ \$45 per day
- Aides @ \$12 per day

Maximum pay-out for accumulated sick and personal days is 140 times the above amounts.

Recommendation:

During 1998-99, a total of 12 teachers and two aides received payment for 953 unused sick leave days and 32.5 personal days for a total payment of \$41,557.50. The average payment received by teachers was \$3,463 and ranged from \$45 to the maximum of \$6,300. Two

aides received relatively small payments and one secretary had exhausted sick and personal days. Since this contractual provision is designed to provide financial incentives for reduction in unnecessary use of leave days and the rates of payment for unit members are \$45 and \$12 per day respectively for teachers and aides, the review team concludes that these expenditures are reasonable.

Temporary Leaves

Employees are entitled to the following leaves of absence without loss of pay:

1. A total of two days leave of absence for personal or other matters that require absence during school hours. Two days of such personal leave may be accumulated to permit the employee a maximum of four personal days in any one school year.
2. The actual time necessary for appearance in court or before a state administrative agency pursuant to a duly issued subpoena.
3. A maximum of five days at any one time in the event of the death of a mother, father spouse, child or grandchild.
4. A maximum of three days in the event of the death of a brother, sister, daughter-in-law, son-in-law, father-in-law, mother-in-law, grandmother or grandfather.
5. A maximum of two days in the event of the death of an employee's brother-in-law or sister-in-law.
6. Secretaries are granted up to a maximum of three days in the event of the death of a person domiciled with the secretary.
7. Members of the organized military reserves are entitled to leaves of absence without loss of pay or time on all days on which he/she is engaged in field training. Teachers will make every effort to participate in field training during non-school periods whenever possible.
8. Employees who are required to serve jury duty receive their regular daily pay less any stipend received for jury duty.

Benefits

The district pays for the cost of a health insurance program, including medical-surgical and major medical coverage for the employee and his/her family. The district also provides a dental insurance plan for the employee and his/her family.

The district provides for health care insurance for individuals within the unit who retire within the contract period, after serving the district for 20 or more years. Retirees receive the contractual coverage less Medicare when the individual is eligible for Medicare. The district cost of retirement health benefits coverage is 100% the first year of retirement and is reduced by 10% annually to reach 50% from the 6th year forward.

Waiver Offers

Employees with dependent coverage annually are offered the option of waiving all health insurance benefits for a \$3,000 sum, to be paid at \$300 per month. Employees with dependent coverage are offered the option of waiving all dental insurance benefits for a total payment of \$350 per year, which is paid at the rate of \$35 per month.

Analysis and recommendations regarding health and dental insurance are presented in a separate section of this report.

Travel

Employees who are required to use their own vehicle in the performance of their duties or are assigned to more than one school per day are reimbursed for all such travel at the per mile rate allowed by the Internal Revenue Service, adjusted on January 1 and July 1.

SPECIFIC TERMS AND CONDITIONS-AIDES

Aides Workday

Aides employed prior to July 1, 1979, have a daily minimum guarantee of 2.5 hours of work. There is no daily guarantee of hours for those hired after the above date.

Aides employed for five or more hours daily are afforded a 30-minute paid lunch break. For those who work four or more hours a day, a 10-minute break is provided.

Tuition Reimbursement

The district makes available \$2,500 annually for the reimbursement of aides' cost for college or non-college courses related to his/her work assignment.

Salaries

Aides are offered individual contracts including an annual salary based on an hourly rate as set forth in Schedule A and on the number of student days per year. Aides who are requested to work days beyond the number of student days in the school year are compensated at the regular rate of pay.

SPF Lunchroom/General Aides (L/G) – 1998-99 Schedule A					
Step	L/G 2.5	L/G 3	L/G 3.5	L/G 4	L/G 6
1	\$3,415	\$4,098	\$4,750	\$5,430	\$8,140
2	\$3,555	\$4,266	\$4,952	\$5,661	\$8,486
3	\$3,696	\$4,435	\$5,162	\$5,902	\$8,847
4	\$3,842	\$4,610	\$5,379	\$6,148	\$9,221
5	\$4,001	\$4,801	\$5,602	\$6,403	\$9,604
6	\$4,184	\$5,021	\$5,856	\$6,693	\$10,042
7	\$5,257	\$6,308	\$7,360	\$8,412	\$12,617

Note: The salaries of employees who were paid at step 7 or beyond in 1997-98 were increased by 2.5% in 1998-99. These 1998-99 salaries ranged from \$5,388 to \$13,887.

When performing secretarial/clerical tasks as directed by a supervisor, the aide is paid at the substitute secretary per diem or the aide's hourly rate, whichever is higher.

SPF Classroom Aides – 1998-99 Schedule A					
Step	L/G 2.5	L/G 3.2	L/G 6	L/G 6.5	L/G 6.6
1	\$3,395	\$4,346	\$8,147	\$8,827	\$8,962
2	\$3,589	\$4,594	\$8,614	\$9,332	\$9,476
3	\$3,768	\$4,822	\$9,041	\$9,795	\$9,946
4	\$3,957	\$5,065	\$9,496	\$10,287	\$10,445
5	\$4,151	\$4,313	\$9,961	\$10,792	\$10,958
6	\$4,410	\$5,645	\$10,583	\$11,465	\$11,641
7	\$5,652	\$7,234	\$13,564	\$14,693	\$14,919

Note: The salaries of employees who were paid at step 7 or beyond in 1997-98 were increased by 2.5% in 1998-99. These 1998-99 salaries ranged from \$5,793 to \$16,419.

Aides are paid at the regular hourly rate for any extra services, including the following:

- Time worked before or after regular work hours;
- Required attendance at back-to-school activities or parent/teacher conferences;
- Work performed during any school shutdown periods; and
- Work performed before the beginning or after the end of the normal student year.

SPECIFIC TERMS AND CONDITIONS-TEACHERS

Teacher Assignment

Secondary teachers have a minimum of one preparation period per day, exclusive of lunch. Elementary teachers are relieved of classroom duties during the time that art, music, or physical education teachers are teaching their classes. Special teachers have a minimum of 120 minutes preparation time per week within the student day, with each period at least 30 consecutive minutes in length.

In addition, elementary teachers have a daily duty-free lunch period of 60 consecutive minutes, except that one teacher per building may be scheduled on an equitable basis to be on call to assist in an emergency during this period. If additional teachers in any building are needed to supervise during their normal lunch hour, the teacher(s) will be selected on a volunteer basis and compensated \$10 per half-hour.

Recommendation:

The review team notes that most school districts provide elementary school teachers with 45 minutes or less for lunch. The district expends over \$300,000 per year for lunchroom aide salaries and benefits.

Any secondary teacher who is assigned to cover for an absent teacher in lieu of a hired substitute receives a sum equal to one 2,000th of his/her salary for each period covered. Elementary teachers who are deprived of their preparation period due to the absence of a substitute for an art, music or physical education teacher receive the same payment as described above.

Teachers assigned to elementary buildings are required to attend one evening parent conference session per year. On that day, elementary schools are closed after the minimum length school day and teachers may leave at the normal time interval following student dismissal.

Salaries

The agreement provides a half-page of specific stipulations regarding teacher placement and advancement on the salary guide as reflected in Schedule B.

Teachers Salary Guide – 1998-99 Schedule B						
Step	B. A.	B. A+30	M. A.	M. A.+30	6th Year	Doctorate
0	\$35,075	\$37,845	\$39,180	\$41,670	\$42,905	\$44,720
1	\$35,518	\$38,290	\$39,626	\$42,117	\$43,354	\$45,168
2	\$35,972	\$38,745	\$40,081	\$42,571	\$43,808	\$45,622
3	\$36,436	\$39,207	\$40,543	\$43,034	\$44,271	\$46,086
4	\$36,901	\$39,677	\$41,007	\$43,497	\$44,735	\$46,551
5	\$37,368	\$40,149	\$41,477	\$43,963	\$45,202	\$47,023
6	\$37,877	\$40,640	\$41,971	\$44,457	\$45,704	\$47,526
7	\$38,386	\$41,151	\$42,484	\$44,970	\$46,215	\$48,036
8	\$38,994	\$41,766	\$43,098	\$45,591	\$46,839	\$48,665
9	\$39,671	\$42,452	\$43,885	\$46,533	\$47,842	\$49,859
10	\$40,701	\$43,799	\$45,302	\$48,052	\$49,441	\$51,628
11	\$42,037	\$45,215	\$46,836	\$49,661	\$51,209	\$53,442
12	\$43,420	\$46,749	\$48,363	\$51,434	\$52,994	\$55,393
13	\$44,861	\$48,306	\$50,113	\$53,313	\$54,933	\$57,450
14	\$48,994	\$53,190	\$55,251	\$58,969	\$60,800	\$63,611
15	\$55,246	\$59,824	\$62,196	\$66,361	\$68,422	\$71,547
20L	\$62,009	\$67,149	\$69,788	\$74,461	\$76,785	\$80,282
25L	\$64,202	\$69,519	\$72,297	\$77,092	\$79,496	\$83,126

Teachers who were paid at step 15 or beyond in 1997-98 were paid at longevity level 20L or 25L if their employment in the district combined with their military service equaled 20 years but less than 25 years or 25 years or more, respectively.

Tuition Reimbursement

A teacher is reimbursed up to a maximum of six credits per session, not to exceed 12 credits per year at the Rutgers, the State University rate per credit or the actual tuition rate, whichever is lower. The district provides the following annual sums for reimbursement for teachers' costs of tuition for courses taken for professional development: summer session-\$17,000; fall session-\$17,000; winter session-\$17,000.

In-district credit is awarded to teachers for satisfactory completion of in-service programs, continuing education courses, and/or curriculum development that have prior approval by the superintendent and are granted according to the following ratio:

- One credit for 8 to 10 hours of class, in-service or curriculum development.
- Two credits for 16 to 20 hours of class, in-service or curriculum development.
- Three credits for 24 to 30 hours of class, in-service or curriculum development.

A maximum of 12 credits earned by completion of continuing education, in-service programs, or in-district curriculum development may be applied toward salary advancement.

In order for teachers to complete 100 clock hours of state-approved continuing professional development and/or in-service every five years, starting January 1, 2000, one additional in-service day will be added to the teachers' work year. This additional in-service day and the two existing in-service days for a total of three days each calendar year will be entirely devoted to state-approved continuing professional development and/or in-service. The third in-service day will be removed if the state discontinues the professional development requirement during the term of the contract. **(It should be noted that the state did move the starting date to September 1, 2000 and the district eliminated the extra day for the 1999-00 school year).**

In-Service Compensation

Teachers who participate in district curriculum development or in-service programs during the summer months are compensated at either \$26 per hour in 1998-99 or receive in-district credits as specified. The method of payment is included in the posting for district offerings.

Sabbatical Leaves

Any teacher who has completed seven or more years of satisfactory service in the district may, upon recommendation of the superintendent, be granted a leave of absence for one semester at full pay or two semesters at half pay, for study or travel on a full-time basis. The applicant is not eligible for subsequent sabbatical leaves until he/she has served another period of seven years of satisfactory service.

No more than three eligible teachers in the system are granted sabbatical leave during any academic year. A maximum of two sabbatical leaves may be granted for one semester during any academic year.

SPECIFIC TERMS AND CONDITIONS-SECRETARIES

Work Year and Holidays

The work year for secretaries employed on a 10-month basis is September 1 through June 30. The work year for 11-month secretaries commences two weeks prior to September 1 and terminates two weeks subsequent to June 30. Twelve-month secretaries work from July 1 until June 30.

Work Hours

The workweek for secretaries consists of five days from Monday through Friday. The workday consists of not less than eight hours, which includes a duty-free lunch hour. No secretary can be required to report for duty earlier than 7:30 a.m. or be required as part of the regular workday to

stay later than 5:00 p.m.. Time in excess of the regular workweek is considered overtime. Any secretary who is required to work beyond the eight hours in any one day shall be compensated at the rate of one and a half times her hourly rate.

When school is not in session, the workday for secretaries consists of not less than seven hours, which includes a duty-free lunch hour. On those days, no secretary can be required as a part of the regular workday to report for duty earlier than 7:30 a.m. or to stay later than 4:00 p.m.

Vacations

Twelve-month secretarial personnel employed after July, 1982 earn one vacation day per full month up to a maximum of 10 workdays during their first year of employment in the district. Thereafter, vacation is earned in accordance with the following schedule:

During the employee's	Earns vacation at this rate
1 st through 5 th years	10 days per year
6 th through 10 th years	15 days per year
11 th through 20 th years	20 days per year
21 st or more years	25 days per year

Vacations are prorated as 10/12 and 11/12 for 10 and 11-month secretaries. Vacation time earned in one school year must be used in that year and vacations are non-cumulative, except as otherwise specified.

Holidays

The district provides 13 holidays per year for 11 and 12-month secretaries and 12 holidays for 10-month secretaries.

Professional Development

The district makes available \$5,000 annually for the reimbursement of secretaries' cost of tuition for college or non-college courses related to his/her work assignment.

Attendance Incentive Compensation

Employees who retire eligible to receive either TPAF or PERS pension checks immediately after retirement are entitled to receive severance pay based upon accumulated sick leave days of \$25 per accumulated day up to a maximum of 140 days.

Longevity

Upon completion of 17 years of continuous employment within the district, an employee receives a \$500 longevity increase in salary. An additional \$500 is paid upon completion of 20 and 25 years of continuous service, respectively.

Salaries

Secretarial salaries are set forth in Schedule C.

SPF Secretaries and Clerks-1998-99 Schedule C						
Step	10 Mo. Cl/Typist	10 Mo. SEC/OA	11 Mo. SEC/OA	11 Mo. EX SEC	12 Mo. SEC/OA	EX SEC BKR
1	\$16,740	\$18,415	\$20,210	\$21,790	\$22,780	\$27,140
2	\$17,346	\$19,147	\$21,012	\$22,613	\$23,604	\$28,135
3	\$17,975	\$19,909	\$21,845	\$23,467	\$24,458	\$29,167
4	\$18,626	\$20,701	\$22,712	\$24,354	\$25,343	\$30,236
5	\$19,301	\$21,524	\$23,613	\$25,274	\$26,259	\$31,345
6	\$20,000	\$22,380	\$24,550	\$26,229	\$27,209	\$32,494
7	\$20,725	\$23,270	\$25,524	\$27,219	\$28,193	\$33,686
8	\$21,476	\$24,195	\$26,537	\$28,248	\$29,213	\$34,921
9	\$22,254	\$25,158	\$27,589	\$29,315	\$30,270	\$36,202
10	\$23,060	\$26,158	\$28,684	\$30,422	\$31,365	\$37,529

SEC = secretary; OA = office assistant; EX SEC = executive secretary; BKR = bookkeeper

The salaries of employees who were paid at step 10 or beyond in 1997-98 were increased by 2.5% for 1998-99.

The 1998-99 Schedule D-Co-Curricular Advisors Salary Guide lists 47 high school position titles and 61 advisor positions with individual stipends ranging from \$419 for French National Honor Society to \$3,539 for Student Government. The middle schools have eight position titles and 21 advisor positions that range from \$1,676 to \$2,979. The elementary schools have eight intramural/safety patrols with stipends of \$1,676 each.

The 1998-99 Schedule E-Coaches Salary Guide with nine steps for 38 job titles lists stipends ranging from a minimum of \$1,409 in the 1st year for cross country to a high of \$6,220 in the 9th year for football. The middle schools have 10 position titles with individual stipends ranging from \$1,760 in the 1st year to \$3,615 in the 9th year.

ADMINISTRATIVE GROUP AGREEMENT

The agreement with the Scotch Plains-Fanwood Administrative Group (Group), effective 1997-2000, covers high school, middle school and elementary school principals and assistant principals. The 18-page contract contains a number of articles (such as recognition, negotiations procedure, grievance procedure, personal and academic freedom, rights of administrators, evaluation, deduction of dues, sick leave, miscellaneous, etc.), which are more procedural than economic. This report will deal with those aspects of the contract, which have more direct financial or productivity implications. Pertinent contractual provisions are summarized in brief outline form with attention to the 1998-99 salary guide, which is the year selected for financial comparisons with other benchmarks.

Professional Growth

The district provides a total of \$12,000 annually for the reimbursement for administrators' costs of tuition for courses taken for professional development. An administrator is reimbursed for up

to a maximum of six credits per session, not to exceed 12 credits per year at the Rutgers, the State University, rate per credit or the actual tuition rate paid, whichever is lower, for the tuition cost within specific guidelines.

The board makes available up to \$200 per administrator each contract year to purchase books, equipment and/or other educational resource materials according to the discretion of the individual following established accounting procedures. The district also pays other reasonable expenses for workshops, seminars, etc., that the administrator is required to attend.

Sick Leave

Administrators are allowed to accumulate 12 days of unused sick leave per year in accordance with N.J.S.A. 18A:30-7. Upon recommendation of the superintendent, the contract provides that the board shall consider in a positive manner specific circumstances necessitating the need for additional sick leave days.

Employees who retire and are eligible to receive TPAF pension checks immediately after retirement receive payment for accumulated sick leave days as follows:

1. Sixty dollars per accumulated sick leave day at the time of retirement to a maximum of 140 days.
2. Payment for accumulated sick leave days is payable during July immediately following retirement.
3. In the event of the death of an employee who has at least 10 years of service in the district, the employee's estate receives payment.

Three administrators had accumulated a total of 381 unused sick leave days and were eligible for payments averaging \$7,620 and ranging from \$6,060 to the maximum of \$8,400 each. The fourth administrator had exhausted all leave days. Since this contractual provision is designed to provide financial incentives for reduction in unnecessary use of sick leave days and the rate of payment for unit members is \$60 per day with a maximum for payment of 140 days, the review team concludes that these expenditures are reasonable.

Temporary Leaves of Absence

During the calendar year, administrators are entitled to the following temporary leaves of absence without loss of pay, which is non-cumulative:

1. A total of three days leave of absence for such personal or other matters that require absence during the year.
2. The actual time necessary for appearance in court or before a state administrative agency pursuant to a duly issued subpoena for school related business.
3. Members of the NJ National Guard and US Military Reserves are entitled to 15 days annual training upon submission of a copy of their orders to active duty without loss of pay or time on all days on which he is engaged in field training. An administrator will make every effort to take this field training during non-school periods whenever possible.

4. The superintendent may grant group members temporary leaves of absence without loss of pay.
5. In the event of a death of a family member, or other relative, leave from a maximum of five to two days is granted as specified.

Extended Leaves of Absence

The board may grant such leaves of absence without pay, as it may deem necessary and appropriate.

Sabbatical Leave

Twelve-month administrators who have completed six years of continuous satisfactory service in the district may be granted leave for professional study or research for one academic year. Only one sabbatical leave per two-year period may be granted to a group member, subject to the determination of the superintendent. The salary granted on a full school year sabbatical leave is one-half of the salary to which he/she would be entitled if not on leave, minus the regular deductions for taxes, TPAF deductions, etc.

Benefits

The district pays for the cost of a health insurance program, including medical-surgical and major medical coverage for the employee and his/her family. The district also provides a dental insurance plan for the employee and his/her family.

The district provides for health care insurance for individuals within the unit who retire within the contract period, after serving the district for 20 or more years. Retirees receive the contractual coverage less Medicare benefits when the individual is eligible for Medicare. District cost of the retirement health benefits coverage varies from 100% the first year of retirement to 50% from the sixth year forward.

Long-term Disability Insurance

The district maintains a group long-term disability insurance policy for all administrators, including central office, at a total annual premium cost not to exceed \$9,500.

Recommendation:

The review team notes that business office records indicate that the actual cost for long-term disability insurance in 1998-99 was \$15,552, which included central office administrators, as well as the members of the Administrative Group. District officials should consider a review of actual practice in relation to specific contractual terms.

Travel Expenses

Each Group member receives an annual stipend (\$800 in 1998-99) as reimbursement for all required use of personal automobiles for travel within and outside the boundaries of the school district. In addition, members are reimbursed for all required travel to locations more than 50 miles from the district at the rate per mile that is set each year by the Internal Revenue Service (IRS).

Recommendation:

The review team prefers reimbursement on an actual mileage basis as present in the teachers' negotiated agreement. While an annual stipend amount has the advantage of reducing paperwork, district officials should also consider periodic reviews of the amount of the stipend, particularly for school principals who work in one building. For example, \$800 is equivalent at the IRS rate to 2,460 miles of auto travel per year or an average of 11 miles per day for a 220-day work year.

Work Calendar and Vacation

The contractual year for a member of the group runs from July 1 through June 30. Vacation and holidays included within this work year include:

1. Twenty-five paid vacation days.
2. Following the completion of six years of administrative service in the school district, the paid vacation increases to 30 days.
3. Thirteen paid holidays are designated in the school calendar including Independence Day and Labor Day.
4. Earned vacation days may be accumulated up to a maximum of 50 days.
5. Administrators who are required to report to work on approved scheduled vacation days are granted another vacation day in lieu of the day worked even if required to work less than a full day.

Payment for Unused Vacation Days

The maximum number of vacation days eligible for conversion to cash at termination of employment is 50 days. The conversion of vacation days to cash is based on 1/260 of the administrator's annual salary at the time of conversion.

For administrators initially employed in vacation-eligible positions after June 30, 1994, the maximum accumulation and conversion is 30 vacation days.

Recommendation:

Two administrators had accumulated a total of 81 vacation days and were eligible upon retirement in 1998-99 for payments of \$18,510.73 and \$7,275.52 respectively, or a total of \$25,786. Since the purpose of vacation time is rest and relaxation rather than additional compensation, the review team commends the district for reducing the number of vacation days that can be converted to cash from 50 to 30 days for those administrators employed after June 30, 1994.

Salary Plan

Those employees hired during the life of the contract negotiate an initial salary individually with the board and succeeding contracts are in accordance with the salary plan below. However, in no circumstance may any member receive more than a 1% annual increase in salary above the increase provided on the salary guide.

When an administrator is temporarily promoted to a higher paying position, the administrator is compensated in accordance with the salary plan after 30 calendar days in the higher paying position. This section does not apply to temporary promotions resulting from vacations.

In accordance with the salary plan, each administrator's salary is equal to the base salary times a salary factor, plus a longevity payment, if applicable.

- A. The base salary for 1998-99 was \$66,704.
- B. The salary factor is the sum of three values: job category, education value and administrative experience value.

- 1. The job category values are:

<u>Job Category</u>	<u>Value</u>	<u>Maximum Value*</u>
High school principal	1.60	1.85
Middle school principal	1.50	1.75
Elementary school principal	1.4	1.65
High school assistant principal	1.30	1.55
Director of guidance/student personnel svc.	1.30	1.55
Middle school assistant principal	1.20	1.45

*The maximum value reflects the total salary factor assuming maximum education value (0.1 for an Ed. D.) and the maximum administrative experience value (0.15 for 10 years of experience).

- 2. The education values are:

<u>Educational Level</u>	<u>Value</u>
MA+30	0.03
6 th Year	0.07
Ed. D.	0.10

- 3. The administrative experience value is 0.015 for each year of administrative experience, to a maximum of 10 years.

Recommendation:

The review team observes that most school districts now have minimum and maximum administrative salaries rather than salary ratios. It is noteworthy that the ratios in Scotch Plains-Fanwood are not directly connected to the teachers' salary schedule.

While an administrative salary ratio is a relatively simple way to assure perceived fairness and predictability in establishing administrative salaries, district officials should consider conducting periodic comparability studies to assure that beginning salaries are competitive and salaries for senior administrators remain within reasonable levels.

- C. Each administrator initially employed as an administrator within the district prior to July 1, 1997 is entitled to a longevity payment of \$750 per year after 15 years of experience as a teacher/supervisor/administrator, seven years of which must be in this district. The amount of the longevity payment is increased to \$3,500 per year after 25 years total experience with 13 of those years in-district. Administrators, who were initially employed as administrators within the district on or after July 1, 1997, are not entitled to a longevity payment.

Recommendation:

The district is commended for eliminating longevity payments (\$750 per year after 15 years and \$3,500 after 25 years) beyond the experience value maximum of .15 for administrators employed after July 1, 1997.

SUPERVISORS ASSOCIATION

The agreement with the Scotch Plains-Fanwood Supervisors Association (Group), effective 1999-02, covers personnel with the job classification of supervisor. The 35-page contract contains 21 articles and an appendix. This report deals only with those aspects of the contract, which have more direct financial or productivity implications.

Work Year

The work year for supervisors is 204 days. Workdays are designated at the beginning of the school year through mutual agreement between the association and the assistant superintendent. The scheduled days of work for individual supervisors may be changed by mutual agreement between the supervisor and the assistant superintendent. Supervisors who are required by the superintendent or her designee to work full days in excess of the specified contractual days are paid for each additional full day at the rate of 1/204th of their annual salary.

Travel

Each supervisor receives an annual stipend of \$500 as reimbursement for all required use of personal automobiles for travel within and outside the boundaries of the school district, except that supervisors are reimbursed at the IRS rate for required travel that exceeds 50 miles from the district.

Recommendation:

The review team prefers reimbursement on an actual mileage basis as present in the teachers' negotiated agreement. While an annual stipend amount has the advantage of reducing paperwork, district officials should also consider periodic reviews of the amount of any payments, particularly for supervisors who work in more than one building.

Professional Growth

The district provides a pool of \$7,800 for the cost of tuition during any one school year for any supervisor(s) who takes course work approved in advance by the superintendent, but not to exceed six credits per supervisor per school year. The district also agrees:

- To pay other reasonable expenses incurred in connection with workshops, seminars, or conferences that are either approved in advance by the superintendent, or which the member is required to attend.
- To pay membership dues in one professional organization that the member voluntarily joins.

Sick Leave

All supervisors are entitled to 11 days of sick leave in a school year, which is accumulated in accordance with statute. After all sick leave days allowed have been used, the supervisor may apply in writing for individual consideration for an additional 30 days at the supervisor's pay less substitute pay.

Employees who terminate employment with at least 10 years of qualified service in TPAF and who are eligible to receive a TPAF pension are entitled to receive compensation for accumulated sick leave days at the rate of \$50 per day to a maximum of \$4,500 in 1999-00.

One supervisor who left the district in 1998-99 had accumulated 21 sick days and three personal days for a total payment of \$1,150. Since this contractual provision is designed to provide financial incentives for reduction in unnecessary use of leave days and the rate of payment for unit members is limited to \$50 per day with a maximum payment of \$4,500, the review team concludes that this expenditure is reasonable.

Temporary Leaves of Absence

Members are entitled to a total of two days leave of absence for personal or other matters that require absence during school hours. One day of such personal leave may be accumulated to permit the employee a maximum of three personal leave days in any one school year. Effective September 1, 1986, all employees are required to state the reason for requesting their last available personal leave day for the year.

Allowed leave days for court subpoenas, death of a relative or family member, military reserve obligations and jury duties are similar to the administrative group contract.

Sabbatical Leave

Essentially the same language as administrative contract, except that the number of sabbatical leaves for supervisors is limited to one during any given academic year.

Supervisors took no sabbatical leaves in 1998-99.

Health and Dental Insurance

The district pays the cost of a health insurance program, which includes medical-surgical and major medical coverage for the employee and his/her family. The district also provides a basic dental plan for the employee and family, with coverage for children until age 23, with no contribution by the employee. Employees with dependent coverage are offered annually the option of waiving all health insurance benefits for a \$3,000 sum, to be paid at \$300 per month.

Employees with dependent coverage are offered the option of waiving all dental insurance benefits for a total payment of \$350 per year, which is paid at the rate of \$35 per month.

The district also provides health care insurance for individuals within the unit who retire within the contract period, after serving the district for 20 or more years. The same contractual dental coverage is provided less Medicare benefits when the individual is eligible for Medicare. The district cost of retirement health benefits coverage is 100% the first year of retirement and is reduced by 10% annually to reach 50% from the 6th year forward.

Salaries

Years of Service	1998-99*	1999-00
0-5	\$71,300	\$74,587
6-10	\$73,792	\$77,179
11-14	\$76,468	\$79,963
15-16	\$81,440	\$85,136
17+	\$86,411	\$90,308

*The comparison year for this review.

TEAMSTERS AGREEMENT

The agreement with the International Brotherhood of Teamsters, Local 102 for the period January, 1996 through December, 1998, contains 22 pages and 27 articles. The agreement covers custodians, head custodians, maintenance personnel, grounds personnel, hall monitors and bus drivers. The parties acknowledge that head custodians, custodians, maintenance personnel, grounds personnel and bus drivers are employed on a 12-month contract unless altered by individual contract. The parties are currently in negotiations for a successor agreement.

Hours of Work and Overtime

1. A working shift consists of eight working hours in a period of 8.5 continuous hours. The breakdown of a shift follows:

- One and one-half hours after the beginning of the shift, a 15-minute coffee break is allowed.
 - Three hours and 55 minutes after the beginning of the shift a five-minute period is allowed for wash-up.
 - Four hours after the beginning of the shift a one-half hour period is allowed for lunch.
 - Eight hours and 25 minutes after the starting time of the shift a five-minute period is allowed for wash-up. Maintenance and grounds personnel are permitted a 15-minute clean-up/wash-up period at the end of the workday.
 - Eight and one-half hours after the beginning of the shift the working day will terminate.
 - The schedule for working shifts in a working day is established by the board.
2. A normal workweek consists of one working shift on five consecutive days from Monday through Friday.

Recommendation:

The district expended over \$270,000 in regular overtime in 1998-99. A more flexible workweek for some employees, such as Tuesday through Saturday, would reduce some of this extra expense.

District officials should consider negotiating a Tuesday through Saturday shift for custodians at the high school and the two middle schools in order to decrease overtime expended to cover off-hour use of the facilities. The review team assumed that 20% of the regular overtime would continue to be necessary under this proposal.

Potential Cost Savings: \$81,515

LGBR recommends that two general maintenance workers be assigned to a Tuesday through Saturday shift, thereby decreasing the amount of overtime monies expended by the district by an estimated 60%.

Potential Cost Savings: \$17,680

3. For all afternoon shift work (3:00 p.m. - 11:30 p.m.), a premium of 7% is paid for shift differential. For all night shift work (11:00 p.m. - 7:30 a.m.), a shift differential premium of 10% is paid. The premium pay for each shift is computed based upon the basic hourly rate and for actual work performed.

Recommendation:

At the present time, there are no third shift, i.e., all-night shift, employees. The district expended \$39,000 in 1998-99 for the second shift differential. Some school districts find that the evening shift differential cost is unnecessary in recruiting and selecting support staff.

Potential Cost Savings: \$39,000

4. The day shift commences work at 6:30 a.m. and one half hour is provided for lunch. Afternoon and night shift custodians work the day shift during the summer months whenever possible without any effect on their normal rate of pay, including differential, unless the employee is needed at other times due to particular work activities. The summer months commence on the first Monday following the close of school and terminate on or about August 31.

Recommendation:

There does not appear to be any valid reason for the district to pay a shift differential during the summer months or whenever the schools are closed for one full week or more, when all custodians are working the day shift.

Additional recommendations that would save monies include a) the two 12-month bus drivers should be contracted for 10 months, and b) summer work should be paid on a timesheet basis. Utilizing the drivers for summer routes, estimated at 20 days for four hours per day at \$15 per hour, the total cost for two drivers would be \$2,400. The cost per month for the two drivers is estimated at \$5,050.

Potential Cost Savings: \$7,700

5. Whenever schools are closed for one full week or more, employees perform their work during the first shift whenever possible without any effect on their normal rate of pay, including differential, unless the employee is needed at other times due to particular work or activities.
6. Day shift employees may be required to report for work up to a maximum of four hours prior to the start of their regular shift without payment of the shift differential.

Recommendations:

District officials should consider negotiating amendments to the contracts with the bus drivers so that only those hours worked on routes are contracted. Additional work such as field trips should be paid by time sheet. This would save district dollars on those days when there was no need for trip drivers, and would also allow the district to accurately track costs for field trips and athletic costs.

If each of the three eight-hour employees were contracted for five hours, and it is estimated that one driver is free from a midday assignment three days out of each week, a conservative estimate of savings would be \$4,680. There would be additional savings as after school athletic trip runs would not necessarily be overtime. If two, three-hour athletic trips per week were performed at regular driver rates, approximately \$1,500 would be saved.

Potential Cost Savings: \$6,180

The work year for hall monitors is 180 days as scheduled in the school calendar. The workday consists of eight consecutive hours. Hall monitors receive a 23-minute paid lunch during which time they remain in the building and are on call.

Overtime

The hourly rate for overtime for the head custodians and assistant custodians, maintenance personnel, grounds personnel and bus drivers is established by dividing 2,080 hours into the yearly salary of such employee. Overtime, if authorized by the administration, is paid at the rate of 1.5 times the hourly rate.

- All work performed in excess of eight hours in any one workday, or in excess of 40 hours in any one workweek, is compensated at the rate of 1.5 times the hourly rate.
- Overtime is paid for all work performed on the sixth consecutive day worked in the workweek. Whenever an employee is absent on any of the first five days of that employee's scheduled workweek, and works on the sixth day of such workweek, time and one half is paid such employee for all hours worked on the sixth day, provided that the absence is excused or otherwise justified.

Recommendation:

There does not appear to be any valid reason for payment of overtime when an employee has been absent during one or more of the first five days of the workweek. Overtime should be paid only on the basis of actual days/hours worked in excess of the normal workweek.

- Work performed on Sunday is paid at double time.
- In the event an employee is required to work on a recognized holiday, he or she receives, in addition to the normal compensation for that day, 1.5 times his or her hourly rate of pay.

Recommendation:

Payment of 2.5 times the hourly rate of pay for working on a recognized holiday appears to be excessive. Double time for both Sunday and holiday work is a more common provision in other school districts.

- In the event that a head custodian is required to conduct building checks on either Saturday, Sunday or holidays, he/she is paid 1.5 times the normal daily rate for the actual time the examination is conducted. At other times, or when replacing a head custodian on building checks, an employee is granted a minimum of two hours pay when called out to perform emergency work outside of the employee's regular shift.

Overtime Limitations

A tour of duty, including overtime, cannot exceed a total of 16 continuous hours. A lunch period of one-half hour is allowed after each four working hours when the employee works two consecutive eight-hour shifts.

Any employee authorized to continue a particular job after the end of his or her shift is paid 1.5 times his or her hourly rate for the actual time spent beyond the normal shift, plus five minutes allowed for clean-up.

The board reserves the right to deduct time lost from the wages of those employees who make a custom or practice of reporting late for their assigned shift.

Overtime days, when authorized and required by the board, shall be performed. The assignment of overtime will be upon a rotating seniority basis, as specified.

Tenure and Seniority

Unit employees are eligible for tenure after three consecutive years of employment with the district. Seniority is recognized in vacation scheduling and layoff of employees as specified. Appointed tenured employees who are released due to a reduction in force are to be notified of all vacancies that occur within one year of their release.

Recommendation:

Most school districts find that tenure for custodial, maintenance and grounds personnel is not required by statute and annual individual contractual employment is generally considered more desirable for evaluating performance and maintaining quality services.

Holidays

Unit members are allowed 13 holidays per year to be scheduled by the board in accordance with the school calendar. In order to receive holiday pay, an employee must work or be excused on the regularly scheduled workdays before and after the scheduled holiday. Holidays that fall on a Saturday or Sunday are celebrated on a day selected at the discretion of the employer.

Vacations

Employees receive vacation as specified and in accordance with the following schedule:

Years of Service Completed	Vacation Days*
1-4	10
5-9	15
10-19	20
20 or more	25

*Ten-month employees receive 10/12^{ths} of the number of paid vacation days.

Vacation time earned in any one school year (July-June) must be used in the following school year and vacations are non-cumulative.

Recommendation:

District officials should consider negotiating the elimination of paid holidays and vacations for bus drivers, thus reducing the contracted year for drivers to 183 days, a statewide average. This reduction would reduce the costs of 13 holidays and a total of 64 paid vacation days.

Potential Cost Savings: \$48,510

Vacation pay entitlement at termination of employment is determined as: Pay equals full months worked/12 X Annual days X Dollars per day.

Boiler License

All custodians, elementary and secondary head custodians and maintenance men who were hired after January 11, 1982 must obtain a Black Seal license within one year of their employment in order to continue to be employed. The board pays the fee to obtain the license and also pays the fee for license renewal of all employees approved to hold such a license. These provisions do not cover grounds persons.

Employees receive an annual stipend of \$300 (paid at \$25 per month) for the possession of a Black Seal license. However, employees hired on or after January 1, 1996, are not compensated for holding the Black Seal license.

Many school districts establish possession of a Black Seal license as a normal job requirement without additional compensation. Stipends for boiler licenses cost the district about \$11,000 in 1998-99. The district is commended for phasing out Black Seal license compensation for employees hired after January 1, 1996.

Sick Leave

Twelve-month employees receive 12 days paid sick leave per year, while hall monitors receive 10 such days. Employees with less than one-year service receive one day of sick leave per month actually worked. Sick leave is cumulative in accordance with New Jersey statutes.

Employees who retire and who are eligible to receive PERS pension benefits immediately after retirement are entitled to receive severance pay of \$25 per day based upon accumulated sick leave up to a maximum of \$4,000.

Three custodians who left the district in 1998-99 had used all accumulated personal and sick days; consequently no payments were made.

Health and Dental Insurance

The board pays the cost of a health insurance program, which includes medical-surgical and major medical coverage as defined for the employee and his/her family.

The board also provides a basic dental plan (New Jersey Dental Service Plan, Inc. Program 1) with family coverage and deductibles of \$25 per individual and \$50 per family per year.

Health care insurance is provided for individuals within the unit who retire within the contract period after serving the district for 25 years or more. Employees employed prior to July 1, 1996 are only required to have completed 20 years of service in the district. When the individual is eligible for Medicare, the coverage provided is reduced accordingly. The district cost of retirement coverage varies from 100% in the 1st year of retirement to 50% from the 6th year forward.

Temporary Leaves of Absence

During the term of this Agreement employees are entitled to the following temporary leaves of absence without loss of pay, which is non-cumulative unless otherwise stated:

1. A total of two days leave of absence for such personal or other matters which require absence during working hours. Employees are permitted to accumulate one unused day in any year so that a maximum of three personal days may be utilized in any one year.
2. The actual time necessary for appearance in court or before a state administrative agency pursuant to a duly issued subpoena.
3. A maximum of five days at any one time in the event of the death of mother, father, spouse or child. A maximum of three days in the event of the death of other family members as defined.

Uniforms

The district furnishes each employee three uniforms, which consist of three pairs of pants and three shirts per school year. The district also pays \$75 toward the cost of one pair of steel toed safety shoes each school year. Other items of clothing and safety equipment, such as rain gear, boots, coveralls, safety goggles and respirators, are furnished as required by the Department of Labor and Industry or deemed necessary by the administration.

Maintenance and grounds personnel and hall monitors are provided with winter jackets, which must be worn. The jackets are replaced as needed.

Wages

All custodial, grounds, maintenance and transportation employees are paid in accordance with the salary guides as set forth below. Hall monitors received a \$.50 per hour wage increase effective January 1, 1998. Step advancement, which occurs on January 1 of each year, requires a minimum of six months on the payroll.

Custodial/Maintenance Salaries

	Head Second. Custodian	Maintenance	Head Elem. Custodian	Bus Driver	Custodian & Grounds
H 5	\$26,417	\$26,262	\$25,711	\$25,100	\$24,970
I 6	\$27,506	\$26,928	\$26,800	\$25,816	\$25,665
K 7	\$38,352	\$37,852	\$37,715	\$29,156	\$36,200
L 8	\$0	\$0	\$0	\$37,291	\$0

Step on guide does not reflect years of service.

Step Progression - employees advancing to the maximum step on the salary guide received a \$1,200 increase effective January 1, 1998.

Stipend - Maintenance and grounds foreman receives \$2,000 in addition to his/her salary.

Off-Guide - Any employee whose base salary during the preceding year exceeded the amount on the salary guide for that year received a \$1,200 increase in his/her salary.

Longevity

Upon completion of 17 years of full-time continuous experience in this school system, an employee receives a longevity bonus of 2% of his/her contractual salary. After 20 years of continuous experience in the district, an additional 4% will be awarded for a total of 6% bonus.

Note: While the majority of employees are on the earlier salary guide, there is a reduced rate for relatively new employees as follows:

Employees Hired after 1/1/94
80%-\$22,60 to 100%-\$27,975

Bus Driver-add \$200 to the above dollar amounts.

Heal Elementary Custodian-add \$1,200 to the custodian rate.

Head Secondary Custodian-add \$1,900 to the custodian rate.

Maintenance- add \$1,400 to the custodian rate.

HEALTH INSURANCE

In 1998-99, the district spent about \$3.9 million on health insurance including medical benefits, prescription drugs, and dental coverage. This report focuses on the 1998-99 school year because this is the most recently available audit. However, when recommending future changes in health insurance LGBR uses the most recent information available concerning the number of employees, negotiated settlements and health insurance costs. This is necessary to account for the rapid cost and coverage changes that occur in the health insurance industry.

The district has a minimum premium plan, which means the district pays its own claims up to specified liability limits. The district began funding its own health insurance around 1982 as a way to reduce insurance costs. The district had, and continues to have a good claims record, which helps to keep costs down. A review of historical information indicates that this plan has helped the district avoid major cost increases in health insurance. For example, from school year 1992-93 through 1999-00 the district's health insurance costs have increased an average of only 2.2% per year. The district rejected pooled arrangements because the other districts usually had worse claims experience than Scotch Plains-Fanwood. The district has a stop loss liability limit per person of \$100,000 and an aggregate stop loss amount that equals its annual health insurance appropriation, that is \$3.9 million. The insurance company is responsible for processing claims.

The district continues to look for ways to reduce insurance costs. Every year the business office and the broker try to obtain lower costs by receiving competitive proposals. They also compare their costs to pooled arrangements, such as the State Health Benefits Plan (SHBP). Moreover, every three years, the district receives proposals for broker's services. The district offers three health plan options. One is a traditional plan and two lower cost alternatives, a Designated Provider Program (DPP) and an HMO. The DPP offers both in and out-of network options.

A claims audit is another way to reduce insurance costs and the district had an audit two years ago. This is a prudent business practice because it can identify items such as:

- Mistakenly paying premiums for employees who leave the district.
- Improperly accounting for provider charges, discounts, co-pays, credits, etc.
- Improperly categorizing employees, e.g., single employees as family coverage and vice versa.

The Scotch Plains-Fanwood School District also keeps insurance costs moderate by offering employees financial incentives to waive coverage for health or dental insurance when there is dual coverage through the employment of a spouse. The district offers employees \$3,000 or \$350 for waiving health or dental insurance respectively, and 44.6 employees took this option in 1998-99. By paying employees \$137,590 in cash for waiving health and/or dental insurance, the district avoided nearly a quarter million dollars in insurance premiums. As a result, the district benefited financially by a net savings of \$111,464.

The review team took two approaches to determine whether the district's health insurance costs could be reduced. The first approach analyzes the district's total costs for health insurance using two alternatives. One compares the district's rates for different health plans, i.e., traditional, DPP, and HMO, to the SHBP. The other compares the district's total health insurance costs per employee to the selected districts. These are general comparisons. The review team did not make a detailed comparison including co-pay amounts, deductibles, in and out-of-network options, quality of providers, etc.

The second approach to reduce health insurance costs is to determine whether the district takes advantage of current trends to have employees share a small portion of their health insurance costs and, if not, how much this sharing would impact the district's costs.

The analysis of whether total costs could be reduced, rather than shared with employees, provided mixed results. A comparison of the district's rates with SHBP indicates that the district's rates compare favorably (includes prescription plan). If the district were in the SHBP, the district's total costs would be \$304,026, or 7.7% higher.

However, the comparison of total costs per employee with the selected districts gave the opposite result. The review team compared overall costs, including broker fees, to districts with similar socioeconomic conditions and employee population size. This comparison indicates that the district's cost per employee is \$6,095. This is \$597 or 10.9% above the \$5,498 average of the comparison districts (see table below).

District	Scotch Plains-Fanwood	Randolph Township	Ridgewood Township	Westfield Town	Three District Average
County	Union	Morris	Bergen	Union	Average
# of Employees *	650	626	621	641	629
Benefit \$	\$3,961,437	\$3,378,502	\$2,948,911	\$4,069,008	\$3,465,474
Cost/Employee	\$6,095	\$5,397	\$4,749	\$6,348	\$5,498

** The number of employees was obtained from the CAFR and is not audited.*

Multiplying the \$597 by the number of employees at Scotch Plains-Fanwood indicates that if the district's costs were the same as the average of the three comparison districts, it would spend \$388,050 less on health benefits. The review team did the same comparison for the prior year (1997-98) and found the same result. If the district's costs had been the same as the average of the three comparison districts in that year, it would have spent \$454,146 less on health benefits.

There could be many reasons why the district's total health insurance costs are higher than the average, including differences in plan coverage, options, quality, etc. In addition, although the district has a good claims history, the type of insurance purchased by Scotch Plains-Fanwood can cost more and change dramatically from year to year depending upon claims experience.

If the district decides to leave the current carrier, an issue exists concerning "Accrued Liability for Insurance Claims." This is the amount determined by the actuary that the district holds in reserve at the end of the year for any claims that may occur. In 1998-99 and in 1997-98 the amounts were \$792,346 and \$709,405 respectively. The broker did not have information readily available concerning what portion of this reserve amount would remain in the district if it left the current carrier.

Recommendation:

The district should continue to search for ways to reduce total health insurance costs. This effort should include an independent analysis which:

- **Compares the district's total health insurance costs per employee to similar districts.**
- **Identifies any differences among these districts in terms of options, co-payments, quality, etc.**
- **Identifies what portion of the Accrued Liability Reserve amount would go to the district if it leaves the current carrier.**
- **Determines if the district's current method of providing insurance coverage continues to be less expensive than pooled arrangements.**

The district can simultaneously plan to negotiate sharing health insurance costs with employees while it pursues whether or not the overall health insurance costs can be reduced. Currently, the district does not charge employees a portion of their health insurance costs. This runs counter to the trend in government and in industry where employees share some of the costs of their health insurance. For example, the State of New Jersey usually requires employees to pay from 5% to 25% of their health care costs depending on which plan they select. The district can share health

insurance costs in two ways. One involves charging all employees a small portion of their health insurance costs. If the district charged employees 20% of their health insurance costs, the district would realize \$786,000 in additional revenue. The average annual increase to employees would be about \$1,200. However, these premium costs can be paid with pretax funds under a Section 125 Plan. This could lower the net costs to roughly \$1,080, depending on the individual's tax bracket. With a median teacher salary of \$49,645 at Scotch Plains-Fanwood, this increase would represent 2.2% of their salary.

Recommendation:

District officials should consider negotiating employee cost sharing for a relatively modest portion of their health insurance costs. Charging employees 20% of the costs would increase district annual revenue by \$786,000 and result in an average annual net cost to each employee of \$1,080 or 2.2% of the district's median teacher salary of \$49,645.

Financial incentive for plan selection is another way to share health insurance costs. In this case the district would not charge employees for basic coverage such as the DPP or HMO but would require employees who select the traditional plan to pay the difference in costs for this more expensive plan. Currently, the district's employees have no incentive to select less expensive plans because the district does not charge them for health insurance costs. Under present contractual conditions, 80% of the district's employees choose the traditional plan.

The district's broker did not have data readily available concerning the actual cost differences between traditional and HMO plans because employees do not pay these costs. The team developed an estimate of these costs by using the cost difference between traditional and HMO plans for local school districts who participate in the SHBP. The team identified the differences in cost between the HMO and traditional plans for both single and family coverage. It then took the average difference between these two types of coverage. This comparison indicates that the traditional plan costs approximately \$500 more per employee than the HMO plan.

If employees in the traditional plan were obligated to pay the difference in costs, the team estimates that roughly 50% may stay in the traditional plan. This would increase district revenues by \$125,000 per year. The other 50% of employees moving from the traditional plan to an HMO that costs \$500 less would save the district an additional \$125,000, for a total district savings in taxation of \$250,000 annually.

The average annual cost to employees who stay in the traditional plan would be about \$500 but these premium costs can be paid with pretax funds under a Section 125 Plan. This could result in net costs of roughly \$450, depending on the individual's tax bracket. With a median teacher salary of \$49,645 at Scotch Plains-Fanwood, this cost sharing would represent less than 1.0% of their salary.

Recommendation:

District officials should consider negotiating an obligation that employees who select the more expensive traditional plan pay the difference in costs between that plan and the basic plan. This would increase district revenue by an estimated \$125,000 and reduce costs by \$125,000 for total savings of \$250,000.

Potential Cost Savings/Revenue Enhancement: \$250,000 - \$786,000

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

Consortia

The Union County Educational Services Commission provides various school bus routes, which serve local needs and the financial costs are shared by several school districts. The commission also provides auxiliary services, such as nursing services, textbooks, etc., for private and parochial schools for the Scotch Plains-Fanwood School District.

In November, 1998, the board of education approved establishing a countywide Internet network, which will provide Internet access and an internal county electronic mail-data network. Scotch Plains-Fanwood is a member of the County Internet Consortium (Access 2000).

In October, 1998, a contract was approved establishing Scotch Plains-Fanwood as a member of the Fairleigh Dickinson University Professional Development Consortium.

In April, 1999, the district entered into a Cooperative Pricing Agreement for the purchase of electricity at discounted rates.

Other School Districts

In implementing the new state requirement for 100 hours of teacher training over five years, the Scotch Plains-Fanwood Regional District provides an extensive staff development program, including three in-service days in the school calendar. The district encourages other districts to send their faculties to these meetings on a cost basis. The regional district has reciprocated by sending elementary teachers for reading recovery training in another school district.

In January, 2000, the board approved a nonpublic transportation jointure with the Plainfield Board of Education.

Municipalities

The school superintendent and Scotch Plains municipal manager meet once a month to share information and discuss any issues. The Scotch Plains Council has liaisons to both the board of education and the PTA Council, which meets four or five times per year. As a part of enrollment projects, school district officials have requested an inventory of undeveloped land and the zoning for each lot, or parcel, to aid in planning the future facilities needs of the school district. Scotch Plains municipal officials responded that zoning, planning, engineering and tax assessment would be involved and that the information would require about 60 days to prepare.

The municipal manager indicated that Scotch Plains has equipment such as front-end loaders, street sweepers, dump trucks, etc., which could be utilized by the school district as the need develops. The township also has contracts for road materials, asphalt, salt, etc., which could be made available at cost for school use. As a part of the school construction discussions, there has been preliminary discussion of the possibility of sharing a building for the public school central office and for offices for one of the two municipalities.

The public schools and the municipalities share physical facilities, particularly for athletic or recreational activities at parks and fields. All of the basketball and gymnastics programs of the municipal recreation department are conducted in public school buildings. In turn the school tennis and golf teams use municipal facilities for practice and some contests. The golf team practices at the nine-hole Scotch Hills Golf course, a municipal facility. Both Scotch Plains and the regional school district share the use of TV Channel 34 for programming respective activities, schedules and school and community information. Reportedly, Scotch Plains was the first municipality in the state to televise live council meetings. Fanwood Borough shares Channel 35 with the nearby Mountainside municipality.

A number of school clubs and classes have direct involvement with municipal government. The Distributive Education Club (DECA) reportedly has won many state and national honors. The government day provides students each year with experiences in serving as council member, mayor, municipal manager, department head, etc., and in participating in one caucus meeting and one regular council meeting. The Advanced Placement Government and Politics class places several students in municipal government for about four hours each week for four weeks. Each intern has a unique experience expanding textbook knowledge and classroom activities with hands on training.

As previously recorded under the Best Practices section of this report, the review team was impressed with the number and quality of positive programs that have resulted from the joint efforts and cooperative relationships between the Scotch Plains and Fanwood Police Departments and the public schools.

In March, 2000, a joint committee entitled Township of Scotch Plains/Borough of Fanwood/Board of Education Ad Hoc Advisory and Study Committee met to examine opportunities:

1. to share and coordinate resources;
2. to improve services; and
3. to reduce taxpayer costs.

The committee was composed of two members of the township council, two members of the borough council, two members of the SPF board of education, and three administrators from the respective agencies, namely the SP municipal manager, the Fanwood borough clerk and the school district business administrator. The committee may seek advice from professionals, citizens or others, as they deem necessary for input. The committee will report back to the various governmental entities on or before December 31, 2000.

Recommendation:

The Scotch Plains-Fanwood School District and the two municipalities are in the beginning stages of identifying areas for sharing facilities, equipment, services, etc., which could be cost effective. The respective parties are encouraged to explore fully the potential for cost savings and operational efficiencies which may exist through the implementation of shared, cooperative services between local governmental entities.

In addition to savings to be realized by joining services, there are state programs designed to encourage and reward local governmental units and their taxpayers for regionalizing, sharing and joining services with other units of local government. P.L. 1999, Chapter 60 was signed into law earlier this year by Governor Whitman to provide aid to local units of government, including school districts, to study regionalization and shared and consolidated services. A school district that plans to study or implement a regional service agreement may apply for a grant and/or loan to study regional service or consolidation opportunities and to fund one-time start-up costs of regional or consolidated services by calling DOE at 609-633-2454 or by visiting the DOE website at: <http://www.state.nj.us.njded/grants/redi.htm>. District officials are encouraged to continue to explore additional areas where shared services would be cost-effective for the school district and the municipalities.

V. STATUTORY AND REGULATORY REFORM

The fifth and final section of the report, Statutory and Regulatory Reform attempts to identify those areas where existing State regulations or statutory mandates are brought to the attention of the LGBR team by local officials which appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

All board of education members and key administrators were interviewed and given the opportunity to express their concerns regarding the various regulations that impact the public schools. District officials provided the following written summary of the most frequently expressed concerns.

1. In view of the rapid increase and high cost of special education, it is the belief of local school officials that the state should fully fund special education. It is observed that families with children who need special education often move into school districts, such as Scotch Plains-Fanwood, which have quality special education programs. This places a significant burden on the property taxpayers of these local school districts.
2. It was observed that the per pupil costs of the special education tuition payments to private schools are reaching astronomical proportions. It was suggested that the state approvals for private school tuition should be more effectively regulated. Summer school placements of handicapped children cost from \$3,000 to \$14,000 per child for six to eight weeks. In addition, out-of-district placements are now passing the costs of various supplemental services back to districts, including but not limited to occupational therapy, physical therapy, support aides, etc.
3. Local school officials are disappointed with the recent state Elementary School Proficiency Assessment testing program, which rather than giving diagnostic information provides a single summary number that is not useful in revising the curriculum or serving as a diagnostic tool to improve learning. The validity of results and large amount of instructional time devoted to implementation of the test programs were also major concerns.
4. Local school officials advocate that the state should provide sufficient funds to pay for any new state mandates, such as staff training, mentorships, elementary world language, etc. There was concern expressed about state requirements, such as the World Language Program, the relatively short timeline for implementation, the difficulty in securing qualified staff and the impact on present and future school budgets.
5. Some concern was expressed about state regulations, which excessively undermine local control of the public schools and, through uniform requirements, fail to take into account the varying types of student needs that exist in different school districts. Relatively small amounts of state and federal financial aid are often used as leverage to mold local decisions and programs.

6. DOE continues to demand compliance with their timelines, yet they do not set realistic expectations or timelines as evidenced by the frequency of time demands for reports that are received by local school officials on or after the date due. In addition, sending responses on DOE net usually takes multiple attempts because the state's computer is down.
7. The state funding formula and the relatively small amount of state financial funds for Scotch Plains-Fanwood, or about 9% of the current expense budget, is considered inadequate.
8. The shortsightedness of the funding formula and elimination of construction monies have left many suburban districts in the situation of "robbing Peter to pay Paul" and at the expense of the local taxpayers. For example, to maintain high quality instructional programs, the district has not maintained facilities or constructed additional space as needed for enrollment growth. Consequently the district now is in the difficult position of needing community approval of a \$17 million bond referendum. The return of construction money to suburban districts, at low interest rates, is critical. State officials should consider following the examples of other states, such as Massachusetts, by funding 80% or higher for needed construction.
9. The new school construction proposal allocates a uniform square footage cost per student. It was observed that school construction costs do vary throughout the state in accordance with differing expenses for materials and labor.

LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGMENTS

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